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Shawn  
82F/3, 82F/6  
New 082FSW 34C

**THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.**

**NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.**

**PROSPECTUS**

**DATED: NOVEMBER 10, 1989**

**NORTHWIND VENTURES LTD.  
(hereinafter called the "Issuer")  
1290 - 112 - 4th Avenue S.W.  
Calgary, Alberta  
T2P 0H3**

**PUBLIC OFFERING: 800,000 Common Shares**

**NEW ISSUE**

Shares	Price to* Public	Commission	Net Proceeds to be Received by Issuer**
Per Share	\$0.45	\$0.05	\$0.40
Total	\$360,000.00	\$40,000.00	\$320,000.00

\* *The Offering Price of the Shares was determined by the Issuer in negotiations with the Agents.*

\*\* *Before deduction of the costs of the issued estimated to be \$20,000.*

**THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD.**

**A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF ANY PROPERTY OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. SEE ALSO PARAGRAPH "RISK FACTORS" HEREIN.**

**THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE MAY 15, 1990 INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.**

**NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.**

Rec'd Jan. 2/90

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 26.8% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 32.5% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENTS. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, SENIOR OFFICERS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE AGENTS.

"UNDERWRITERS" AS DEFINED IN LOCAL POLICY STATEMENT 3-30 OF THE BRITISH COLUMBIA SECURITIES COMMISSION HAVE ACQUIRED 60,000 SHARES OF THE ISSUER AT THE NON-REPORTING STAGE. REFER TO THE HEADING "PLAN OF DISTRIBUTION".

AFTER GIVING EFFECT TO THIS ISSUE, THE OFFERING PRICE PER SHARE EXCEEDS THE NET TANGIBLE BOOK VALUE AS AT THE DATE OF THIS PROSPECTUS, PER COMMON SHARE BY \$0.26 REPRESENTING A DILUTION FACTOR OF 58%.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE ITEM "DIRECTORS AND OFFICERS" HEREIN FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

THE AGENTS HAVE AGREED TO PURCHASE (THE "GUARANTEE") ANY OF THE SHARES OFFERED HEREBY WHICH HAVE NOT BEEN SOLD AT THE CONCLUSION OF THE OFFERING, AND AS CONSIDERATION FOR THE GUARANTEE HAVE BEEN GRANTED THE AGENTS' WARRANTS. THE AGENTS' WARRANTS HAVE BEEN DISTRIBUTED TO THE AGENTS UNDER THIS PROSPECTUS. ANY SHARES ACQUIRED BY THE AGENTS UNDER THE GUARANTEE WILL ALSO BE DISTRIBUTED UNDER THIS PROSPECTUS THROUGH THE FACILITIES OF THE VANCOUVER STOCK EXCHANGE AT THE MARKET PRICE AT THE TIME OF SALE. SEE "PLAN OF DISTRIBUTION".

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER THE HEADING "PLAN OF DISTRIBUTION" IN THIS PROSPECTUS.

#### AGENTS

**PACIFIC INTERNATIONAL SECURITIES INC.**  
1500 - 700 WEST GEORGIA STREET  
VANCOUVER, B.C.

**GEORGIA PACIFIC SECURITIES  
CORPORATION**  
1600 - 555 BURRARD STREET  
VANCOUVER, B.C.

**BRINK HUDSON & LEFEVER LTD.**  
1500 - 666 BURRARD STREET  
VANCOUVER, B.C.

**EFFECTIVE DATE: NOVEMBER 16, 1989**

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## PROSPECTUS SUMMARY

### **Business of the Issuer**

The Issuer is a natural resource company engaged in the acquisition, exploration and development of mineral properties. The Issuer owns or has interests in the properties described under the heading "Property" and intends to seek and acquire additional properties worthy of exploration and development.

### **Properties of the Issuer**

#### **Shawn Property**

The Issuer has the option to purchase a 62.5% interest in and to 9 recorded mineral claims and is the recorded and beneficial owner of a 62.5% interest in a further 10 recorded mineral claims all situated in the Nelson Mining Division, Province of British Columbia. The Issuer intends to commence a Phase IV exploration program on the Shawn Property as recommended by T. Bojczyszyn, P. Geol. in his report dated December 14, 1988 as revised October 12, 1989, a copy of which is attached to and forms part of this Prospectus. The Issuer will reserve \$40,000 from the proceeds of this Offering in order to commence the Phase IV program and, dependent upon results from this initial exploration work, will reserve a further \$140,000 from the proceeds of this Offering to complete the Phase IV program. For further details with respect to the Shawn Property see "Description of Business and Property".

#### **Lance Property**

The Issuer has acquired the option to purchase interests ranging from 12.5% to 25% in five recorded mineral claims situated in the Skeena Mining Division, Province of British Columbia. The Lance Property is the subject of a report prepared by Rex Pegg, P. Eng. and dated May 31, 1989, a copy of which will be available for inspection at the time and place set forth under the heading "Inspection of Documents". The Issuer does not intend to expend any of the proceeds of this Offering on exploration work on the Lance Property, but does intend to reserve the sum of \$23,750 to make option payments due on the Lance Property. For further details with respect to the Lance Property see "Description of Business and Property".

#### **Ericksen-Ashby Property**

The Issuer has the option to purchase a 100% interest in and to two recorded mineral claims located in the Atlin Mining Division, Province of British Columbia. The Issuer does not intend to use any of the proceeds from this Offering in order to conduct exploration work on the Ericksen-Ashby Property or to make option payments on the Ericksen-Ashby Property. The Issuer does intend, however, to keep its option on the Ericksen-Ashby Property in good standing, subject to having sufficient financing to do so. For further details, refer to the heading "Description of Business and Property".

#### **Iskut River Property**

The Issuer is the recorded owner of four recorded mineral claims, all situated in the Liard Mining Division, Province of British Columbia. The Issuer does not intend to expend any of the proceeds from this Offering on exploration work on the Iskut River Property, but does intend to keep the Iskut River Property in good standing. For further details refer to the heading "Description of Business and Property".

#### **Iliad Property**

The Issuer has the option to acquire a 100% interest in and to two recorded mineral claims located in

the Skeena Mining Division, Province of British Columbia. The Issuer does not intend to expend any of the proceeds of this Offering on exploration work or option payments on the Iliad Property, but does intend to keep its option on the Iliad Property in good standing. For further details refer to the heading "Description of Business and Property".

#### Offering and Use of Proceeds

The Issuer, by its Agents, Pacific International Securities Inc., Georgia Pacific Securities Corporation and Brink, Hudson & Lefever Ltd., hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 800,000 shares at a price of \$0.45 per share. The Offering will be made in accordance with the rules and policies of the Exchange on a day determined by the Agents and the Issuer with the consent of the Exchange within a period of 180 days from the Effective Date upon which the shares of the Issuer are conditionally listed on the Exchange. Listing is subject to the Issuer fulfilling the listing requirements of the Exchange. The Agents will receive a commission of \$0.05 per share and have been granted non-transferable share purchase warrants entitling them to purchase, in proportion to their participation in the Offering, up to 200,000 shares of the Issuer for a period of two years following the day the Issuer's shares are listed, posted and called for trading on the Exchange at a price of \$0.45 per share during the first year and at price of \$0.5175 per share during the second year. For further information, refer to the heading "Plan of Distribution."

The gross proceeds from the Offering will be \$360,000 which, after deduction of commissions of \$40,000, will net the Issuer \$320,000. The Issuer intends to apply the net proceeds from the Offering of \$320,000 together with current assets as at the date of this Prospectus in the amount of \$18,759 in order of priority as follows:

(a) to pay legal, audit and printing costs of this Prospectus:	\$ 20,000
(b) to pay current liabilities to November 8, 1989	\$ 30,283
(c) to commence the Phase IV exploration program on the Shawn Property	\$ 40,000
(d) to make the final option payments due on the Shawn Property	\$ 5,625
(e) to make the payment due to Ross Resources Inc. on the Lance #3 Claim	\$ 8,750
(f) to make the payment due to Winslow Gold Corp. on the Lance #1 Claim	\$ 12,500
(g) to make the payment due to Ross Resources Inc. on the TH1 and TH2 Claim	\$ 2,500
(h) as a reserve to complete the Phase IV exploration program on the Shawn Property	\$ 95,938
(i) to make the next option payment due on the Ericksen-Ashby Property	\$ 25,000
(j) for working capital and general corporate purposes:	\$ 98,163
<b>TOTAL:</b>	<b>\$ 338,759</b>

**Risk Factors**

The shares offered by this Prospectus must be considered speculative due to the nature of the Issuer's business. There is no assurance that expenditures to be made by the Issuer will result in any discoveries of minerals in commercial quantities. All of the properties in which the Issuer has an interest are in the exploration and development stage only and are without a known body of commercial ore. No survey of any property of the Issuer has been made and therefore in accordance with the laws of the jurisdiction in which the properties are situate, their existence and area could be in doubt. For further information refer to the heading "Risk Factors".

### NAME AND INCORPORATION OF THE ISSUER

The Issuer was incorporated on September 13, 1985 under the Company Act of the Province of British Columbia by registration of its Memorandum and Articles as 297707 B.C. Ltd. The Issuer changed its name to Northwind Ventures Ltd. on January 7th, 1986.

The address of the head office of the Issuer is 1290 - 112 - 4th Avenue S.W., Calgary, Alberta, T2P 0H3. The Company was extraprovincially registered in the Province of Alberta under the Alberta Business Corporations Act on November 24, 1987.

The address of the registered and records office of the Issuer is 1600 - 609 Granville Street, Vancouver, British Columbia, V7Y 1C3.

### PLAN OF DISTRIBUTION

#### **Offering**

The Issuer by its Agents hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 800,000 shares (the "Shares") of the Issuer at a price of \$0.45 per share (the "Offering Price"). The Offering will be made in accordance with the rules and policies of the Exchange on a day (the "Offering Day") determined by the Agents and the Issuer, with the consent of the Exchange, within a period of 180 days from the date (the "Effective Date") upon which the shares of the Issuer are conditionally listed on the Exchange.

The Offering Price of the Shares was established through negotiations with the Agents.

#### **Appointment of Agent**

The Issuer, by agreement (the "Agency Agreement") dated as of the 21st day of August, 1989, appointed the following as its agents (the "Agents") to offer the Shares through the facilities of the Exchange as follows:

<u>Name of Agent</u>	<u>Participation</u>
Pacific International Securities Inc.	400,000 shares (50%)
Georgia Pacific Securities Corporation	200,000 shares (25%)
Brink Hudson & Lefever Ltd.	200,000 shares (25%)

The Agents have agreed to purchase from the Offering any Shares not sold at the conclusion of the Offering. In consideration therefore, the Agents have been granted non-transferable share purchase warrants ("Agents' Warrants") in proportion to their participation in the Offering, entitling them to purchase up to 200,000 shares of the Issuer at any time up to the close of business two years following the day the Issuer's shares are listed, posted and called for trading on the Exchange at a price of \$0.45 per share during the first year and at a price of \$0.5175 per share during the second year.

The obligations of the Agents under the Agency Agreement are several and not joint obligations.

The Agents' Warrants will contain, among other things, antidilution provisions and provisions for appropriate adjustment of the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events including any subdivision, consolidation or reclassification of the shares or the payment of stock dividends or the amalgamation of the Issuer.



The Agents will receive a commission of \$0.05 per Share.

The Agents reserve the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licenced broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or bonuses derived from this Offering.

A portion of this Offering may be sold to persons and companies registered for trading in securities in countries other than Canada and the United States of America, which persons and companies may in turn sell to their clients and directly to investors situate outside of Canada and the United States of America.

The obligations of the Agents under the Agency Agreement may be terminated prior to the day the Issuer's shares are listed, posted and called for trading on the Exchange at the Agents' discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

The Issuer has granted the Agents' a right of first refusal to provide future equity financing to the Issuer for a period of twelve (12) months from the Effective Date.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The Directors, Officers and other Insiders of the Issuer may purchase Shares from this Offering.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling the listing requirements of the Vancouver Stock Exchange on or before May 15, 1990 including prescribed distribution and financial requirements.

#### **Additional Offering**

The Agents have agreed to purchase (the "Guarantee") any of the Shares offered hereby which have not been sold at the conclusion of the Offering, and as consideration for the Guarantee have been granted the Agents' Warrants. The Agents' Warrants have been distributed to the Agents under this Prospectus. Any shares acquired by the Agents under the Guarantee will also be distributed under this Prospectus through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

#### **Shares of the Issuer held by "Underwriters"**

"Underwriters" as defined in Local Policy Statement 3-30 of the British Columbia Securities Commission have acquired 60,000 shares of the Issuer at the non-reporting stage at a price of \$0.25 per share. Accordingly, these persons have signed undertakings to the following effect:

1. no sale or dealing in the shares will take place prior to the expiry of 6 months from the date of listing of the Issuer's shares on the Vancouver Stock Exchange;
2. in the 3 months following the expiry of the aforesaid 6 months, sales will be limited to 25% of their holdings;
3. thereafter, sales will be limited to a maximum of 25,000 shares in each 3 month period; and
4. no sales will be made unless at least 7 days notice has been given to the Superintendent of Brokers and the Vancouver Stock Exchange. Where such sale does not take place within 120 days from the date of notice, further notice will be given.

### DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Issuer consists of 25,000,000 common shares without par value of which 2,183,335 shares are issued and outstanding. All shares of the Issuer, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment.

There are no pre-emptive or conversion rights, and no provision for redemption, purchase for cancellation, surrender or sinking funds. Provisions as to the modification, amendment or variation of such rights or such provisions are contained in the Company Act of the Province of British Columbia.

### DESCRIPTION OF BUSINESS AND PROPERTY

#### **Business**

The Issuer is a natural resource company engaged in the acquisition, exploration and development of mineral properties. The Issuer owns or has interests in the properties described under the heading "Property" and intend to seek and acquire additional properties worthy of exploration and development.

#### **Property**

SHAWN PROPERTY, NELSON MINING DIVISION,  
PROVINCE OF BRITISH COLUMBIA

#### Interest Acquired by the Issuer

The Shawn property consists of 19 recorded mineral claims all located in the Nelson Mining Division, Province of British Columbia. Of these claims, 10 claims were acquired by the Issuer by staking, and the Issuer acquired the option to purchase the remaining 9 claims pursuant to certain agreements described below. The 10 claims acquired by staking, which comprise approximately 617 acres, are as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Shawn C9	4444	October 7, 1996
Shawn C10	4445	October 7, 1996
Shawn C11	4446	October 7, 1996
Shawn C12	4447	October 7, 1996
Shawn C13	4448	October 7, 1996
Shawn C14	4449	October 7, 1996
Shawn C15	4450	October 7, 1996
Shawn C16	4468	October 7, 1996
Shawn C17	4458	October 7, 1996
Shawn C18	4459	October 7, 1996

By Agreement dated as of the 15th day of September, 1986 (the "Purchase Agreement") between Stewart William Barclay and Eleanor Barclay (collectively the "Vendors") and Wallace L. Nesbitt (the "Purchaser"), the Purchaser acquired the option to purchase a 100% interest in and to nine recorded mining claims comprising approximately 368 acres located in the Nelson Mining Division in the Province of British Columbia as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Shawn C1	2758	Sept. 7, 1996
Shawn C2	2759	Sept. 7, 1996
Shawn C3	2760	Sept. 7, 1996
Shawn C4	2761	Sept. 7, 1996
Shawn C7	2762	Sept. 7, 1996
Shawn C8	2763	Oct. 1, 1996
Hurbar	2764	Oct. 6, 1998
Cindy 1	3153	May 25, 1998
Cindy 2	3152	May 25, 1998

The Shawn Property overlies one single-unit pre-existing mineral claim. The Cynthia 9 mineral claim which previously formed part of the Shawn Property has recently expired.

By Agreement dated as of the 18th day of June, 1987, (the "Assignment Agreement") between the Issuer and the Purchaser, the Issuer acquired an assignment of the Purchaser's option to purchase a 100% interest in and to the Shawn Property acquired pursuant to the Purchase Agreement. In consideration of the assignment to the Issuer, the Issuer paid the Purchaser \$15,000 and is required to issue 60,000 Common shares to the Purchaser upon the Effective Date of this Prospectus. Pursuant to the terms of the Assignment Agreement the Issuer is required to assume all obligations of the Purchaser under the Purchase Agreement and also paid for the cost of the independent geological report and program prepared by Taiga Consultants Ltd. on the Shawn Property dated November 27, 1986. The obligations assumed by the Issuer under the Purchase Agreement were to pay the Vendors \$65,000 and issue treasury shares to the Vendors having a total deemed value of \$10,000.

By Agreements dated October 27, 1987, November 30, 1987, September 23, 1988 and May 25, 1989 between the Issuer and the Vendors, the Issuer, as Corporate Assignee by virtue of the Assignment Agreement secured deferment of the \$10,000 in treasury shares owing to the Vendors until the Issuer's shares commenced trading on the Vancouver Stock Exchange and also agreed to reimburse the Vendors the sum of \$1,000 for staking costs incurred. The shares, when and if issued, will be issued at a deemed price of \$0.45 per share and therefore a total of 22,222 shares will be issued to the Vendors. These shares will be held in pool and restricted from trading for a period of one year from the date of issuance.

Of the \$66,000 required to be paid to the Vendors by the Issuer, a total of \$57,000 has been paid to date. The balance of \$9,000 owing to the Vendors is to be paid on or before April 1, 1990.

Pursuant to an Agreement dated June 18, 1987, as amended by Agreements dated October 1, 1987, February 19, 1988, May 10, 1988 and September 27, 1988 (collectively the "Option Agreement") between the Issuer and ILM Resources Ltd. ("ILM") (formerly Golden Exodus Ventures Ltd. and Genesis Resources Corporation), ILM acquired a 37.5% interest in and to the Issuer's interest in the Shawn Property acquired pursuant to the Assignment Agreement, and therefore ILM is required to pay 37.5% of the \$9,000 remaining to be paid to the Vendors. ILM is therefore required to pay \$3,375 of this amount and the Issuer's share will be \$5,625. The Issuer has reserved that sum from the proceeds of this Offering to make its share of this payment. ILM acquired its interest by paying the issuer the sum of \$100,000 and issuing 50,000 shares to the Issuer. A further \$5,625 is owed to the Issuer by ILM. In addition, ILM carried out a phase III exploration program on the Shawn Property at a cost of \$100,000. Pursuant to the Option Agreement, the Issuer is now required to expend a total of \$62,500 on exploration on the Shawn Property, after which time all exploration expenditures will be shared by the Issuer as to 62.5% and ILM as to 37.5%.

The Shawn Property is the subject of a report prepared by T. Bojczyszyn, P. Geol., and dated December 14, 1988 as revised October 12, 1989, a copy of which is attached to and forms a part of this Prospectus.

### Location and Access

The Shawn Property is located in the Nelson range about 16 kilometers northeast of Salmo and 30 kilometers southeast of Nelson B.C.

Access to the Shawn Property can be gained by travelling 8 kilometers north from Salmo along Highway 6 then 12.8 kilometers east along the Porcupine Creek logging road. From this point, which is the northwest corner of the Shawn Property, a logging trail runs south and up into the central portion of the Property. The trail is passable to four wheel drive vehicles up to a slide area approximately 0.5 kilometers west of the old adit (circa 1930?), which constitutes the Main Showing area.

Access to the southern part of the Shawn Property can be gained by travelling 5 kilometers north from Salmo on Highway 6, then 17 km east along the Hidden Creek logging road. At the time of grid emplacement, road construction was underway 1.5 kilometers south of the Main Showing area.

Use of the Hidden Creek logging road requires both written permission from the Darkwood logging company and radio monitoring of their logging frequency.

### History and Mineralization

The Shawn Property borders the Sheep Creek Gold Camp which is defined by seven major producers, a few minor producers, and many prospects. Total production from the major producer of the Gold Camp during the period 1900 - 1974 was 22,799,845 grams gold and 8,092,749 grams silver from a total of 1,578,654 tons mined.

The prospective Quartzite Range Formation, which hosts most of the auriferous quartz veins in the Sheep Creek Camp, is exposed in the western part of the Shawn Property. This formation is at least 1,000 metres thick and is predominately comprised of pure, massive white quartzite beds with minor thin argillaceous intercalations.

Prospecting on the Shawn Property has identified a series of Northeast trending quartz veins which assay in excess of one ounce/ton gold. These veins are emplaced within a quartzite analogous to the Quartzite Range Formation which hosts most of the auriferous quartz veins of the Sheep Creek Camp. In summary, six quartz ( $\pm$  carbonate) veins have been discovered in the vicinity of the Main Showing. None are fully exposed, and hence vein extent and orientations are not known. The limited exposure obtained in hand trenches are in the order of 5 cm to 60 cm wide. Two veins strike northwest to west-northwest, and four strike northeast. Grab sample assays varied from 2 ppb Au to the "best" three results of 1.15, 1.176, and 3.56 oz/ton Au; the latter three results being from a 10 to 40 cm thick, northeast trending vein, just east of the old adit. This latter vein (or silicified fracture) was the target of drill holes 87-2 and 87-3.

The northeast striking "quartzite units" underlying the central portion of the property are inferred to be the *Laib* and *Reeve* members of the Quartzite Range Formation (the Quartzite Range Formation is host to most of the highly productive ore shoots in the Sheep Creek Camp to the southwest).

The soil geochemical program delineated a five hundred plus foot long gold anomaly along strike from the gold bearing quartz veins. The mode of quartz vein emplacement and associated mineralogy are identical to those at Sheep Creek.

### Exploration Recommendations

During August and September of 1987 the Issuer carried out a Phase I work program on the Shawn Property recommended by the Issuer's consulting geologist, R.K. Netolitzky in his report dated July 1,

1987. A property-wide soil geochemical sampling program at 25 metre station intervals on 100 meter spaced grid lines and a program of detailed prospecting of anomalous gold-in-soil areas were carried out on the Shawn Property.

Several trends of high Au values (100 ppb and greater) were located in the southern to central part of the eastern half of the Shawn Property. These trends are confined almost exclusively to the Reno Formation quartzites and the granodiorite intrusions.

A Phase II work program on the Shawn Property was recommended by David H. Adams of Taiga Consultants Ltd. in his report on the Shawn Property dated December 1, 1987, and was completed by the Issuer in mid-January, 1988. The Phase II work program on the Shawn Property was recommended to verify the existence of an inferred fault, to explore for further skarn mineralization and to explore for depth extent of the known auriferous veins. The recommended Phase II work program included 500 metres of diamond drilling and a long "cat" trench at an estimated cost of \$95,000.

The Phase II diamond drilling program was directed at the Main Showing area of the Shawn Property near an old adit. The drilling encountered numerous, widely spaced (e.g., commonly 5 m apart), narrow silicified shears or fractures and quartz veins with silicified and pyritic haloes. The following is a brief summary of the assays in excess of 400 ppb Au:

	<u>Core Length</u>	<u>ppb Au</u>
DDH 87-1	no significant intersections	
DDH 87-2	0.4 m	8030
	1.0 m	428
	0.8 m	5740
	0.2 m	12400
	1.0 m	484
	1.0 m	458
	1.0 m	2040
	3.0 m	426
	1.0 m	576
DDH 87-3	2.0 m	2580
	3.6 m	12489
	0.6 m	976
	1.0 m	7260
	1.0 m	12000
	0.2 m	6440
	1.0 m	404
	1.0 m	968
DDH 87-4	0.2 m	4800
	0.4 m	1360
	0.8 m	2020
	1.0 m	4360
	1.2 m	1168
	0.6 m	694
	<u>Core Length</u>	<u>ppb Au</u>
	0.9 m	12800
	1.0 m	34000

There is insufficient data to correlate veins or silicified zones between drill holes. All of the above-reported intersections are *core length* and are possibly at a highly oblique angle to the drill holes. Drilling also confirmed the presence of a northwest striking fault zone to the north of the adit area. This also contained better developed quartz veining and sulphide mineralization than the previously reported showings.

The Phase II diamond drilling program demonstrated that gold mineralization was not strictly confined to the Reno Formation quartzites as may have been assumed from previous mapping and prospecting.

A Phase III exploration program was recommended on the Shawn Property by J. R. Allan, P. Geol., F. G.A.C. of Taiga Consultants Ltd. in his report on the Shawn Property dated March 15, 1988. The Phase III program, consisting of secant-corrected grid establishment, soil geochemical sampling, VLF-EM/Magnetometer surveying, detailed geological mapping and prospecting was completed in the Fall of 1988 by Golden Exodus at an estimated cost of \$100,000. A portion of the original magnetic survey was rerun to improve the resolution. A re-evaluation of the VLF-EM, soil geochemistry, and magnetic data suggests the presence of a sinistral northwest trending fault located south of the adit. Scarn and dolomite are found both east and west of previous drilling which intersected gold mineralization in granodiorite. The coincidence of a scarn close to faults provides a favourable deposition site for gold.

Four of the five holes drilled to date on the Shawn Property contain encouraging intersections of gold mineralization. The style of mineralization exhibits both similarities and differences to that of deposits in the nearby Sheep Creek Gold Camp. One notable similarity has been the strike and auriferous quartz veins. The most productive veins in the Sheep Creek Camp strike northeasterly. Most of the silicified shear zones and quartz ( $\pm$ carbonate) veins on the Shawn Property also strike northeasterly or east-northeasterly (i.e., at a highly oblique angle to the regional strike of the metasediments).

The major point of difference between the two camps is where the strongest Au mineralization occurs. At Sheep Creek, the best Au concentrations are found within quartz veins in 350 to 500 m thick zones within quartzites of the Quartzite Range and Reno Formations with the base well above an irregular intrusive body(s) (Mathews, 1953). In contrast, the best mineralization found to date on the Shawn Property has been in quartz veins at the intrusive contact with the overlying and adjacent metasediments of the Reno and Laib Formation or within the intrusive body itself. It may well be that the mineralizing fluids for both camps were subject to the same pressure/volume/temperature/distance controls as they emanated from different deep-seated intrusions or that they represent different pulses from a common intrusion.

Soil geochemical sampling has extended gold-in-soil anomalies to the south and east. Mapping has placed an emphasis on northeast trending structures. A re-evaluation of previous work suggests a northwest trending fault south of the adit. An examination of diamond drill core revealed fracture systems, sulphides, and alteration that were not previously logged or sampled. A weak stockwork development may exist, but its preferred orientation has not yet been ascertained. The intersection of the northwest fault with the northeast preferred structures may result in an enhanced stockwork development.

A Phase IV program on the Shawn Property has been recommended by Mr. Bojczyszyn in his report. The recommended program is as follows:

1. Back-hoe trenching is recommended across projections of known northeast trending auriferous veins and gold-in-soil anomalies in overburden-covered areas south of the adit in the vicinity of the northwest fault. This would also involve road construction in preparation for drilling. Back-hoe road construction is the favoured method in this area.

2. Re-logging and sampling of previous diamond drill core.
3. Follow-up of 1988 soil geochemical anomalies on both the grid extension and Grid 'A'.
4. Grid construction between the northeast corner of Grid 'A' and BL+25S followed by soil geochemical sampling and VLF-EM/magnetometer surveying of the new grid.

The cost of the above work program is estimated to be \$40,000 and the Issuer intends to expend that sum from the proceeds of this Offering in order to carry out the program. Pending a detailed review of the results of the above work, diamond drilling is proposed at an estimated cost of \$140,000. The Issuer intends to reserve the sum of \$95,938 from the proceeds of this Offering in order to pay its share of the diamond drilling program if recommended. The balance of \$44,062 required to complete the program will be the responsibility of ILM.

To date, the Issuer has expended \$151,851 on exploration work on the Shawn Property.

There is no surface or underground plant or equipment and there are no known bodies of commercial ore on the Shawn Property.

**LANCE PROPERTY, SKEENA MINING DIVISION,  
PROVINCE OF BRITISH COLUMBIA**

Interest Acquired by the Issuer

The Lance Property consists of five recorded mineral claims all located in the Skeena Mining Division, Province of British Columbia and more particularly described as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Lance 1	6106	April 28, 1990
Lance 3	6108	April 28, 1990
Lance 4	6109	April 28, 1990
TH1	7574	May 25, 1990
TH2	7575	May 25, 1990

Pursuant to the various agreements noted below, the Issuer may earn interests in these claims ranging from 12.5% to 25%.

Lance #4 Claim

Pursuant to an Agreement dated January 5, 1989, as amended by Agreements dated June 1, 1989, June 30, 1989 and August 1, 1989 (collectively the "Aranda Agreement") between the Issuer and Aranda Properties Inc. ("Aranda") of 4615 St. Brides Place, Richmond, British Columbia, the Issuer acquired the option to purchase a 100% interest in the Lance #4 Claim.

Aranda acquired the option to purchase the Lance #4 Claim (as well as the option to purchase the Lance #3 and Lance #1 Claims) pursuant to an agreement dated August 4, 1988 (the "Pepperdine Agreement") with Chris Pepperdine ("Pepperdine") of #334, 475 Howe Street, Vancouver, British Columbia. Pursuant to the Pepperdine Agreement, in order to acquire a 100% interest in the Lance #4, #3 and #1 Claims, Aranda is required to issue to Pepperdine 100,000 shares of a mutually acceptable public company and pay Pepperdine the sum of \$45,000 as follows:

- (a) \$10,000 on or before August 4, 1989;
- (b) \$15,000 on or before August 4, 1990; and
- (c) \$20,000 on or before August 4, 1991.

Pursuant to an Agreement dated August 4, 1989 (the "Winslow Agreement") between the Issuer and Winslow Gold Corp. ("Winslow") of 1290, 112 - 4th Avenue S.W., Calgary, Alberta, the Issuer granted Winslow the option to purchase a 50% interest in and to the Issuer's interest in the Lance #4 Claim. All of the directors and officers of the Issuer are directors, officers and shareholders of Winslow and therefore the Issuer and Winslow are non-arm's length. Refer to the heading "Directors and Officers". The Winslow Agreement has been accepted for filing by the Vancouver Stock Exchange on behalf of Winslow.

Pursuant to a letter Agreement dated August 15, 1989 (the "Solomon Agreement") between the Issuer, Winslow and Solomon Resources Limited ("SRL") of Suite 800, 900 West Hastings Street, Vancouver, British Columbia, the Issuer and Winslow granted SRL the option to acquire a 50% interest in and to their interest in the Lance #4 Claim. The Issuer, Winslow and Solomon are currently negotiating a formal agreement, and therefore the Solomon Agreement has not yet been accepted for filing by the Vancouver Stock Exchange on behalf of Winslow or Solomon. The terms of the Solomon Agreement may also be subject to renegotiation on the basis of a complaint involving the TH1 and TH2 Claims. Refer to the heading "Pending Legal Proceedings".

Pursuant to the Aranda Agreement, the Issuer paid Aranda the sum of \$15,000, thereby acquiring a 60% interest in the Lance #4 Claim. Pursuant to the Winslow Agreement, Winslow paid the Issuer the sum of \$7,500 and thereby acquired 50% of the Issuer 60% interest in the Lance #4 Claim.

In order to acquire a 100% interest in and to the Lance #4 Claim from Aranda, 100,000 shares must be issued to Aranda and \$80,000 paid to Aranda. Pursuant to the Solomon Agreement, the payment of the \$80,000 is the responsibility of SRL. The Aranda Agreement calls for the \$80,000 to be paid as follows:

- (a) a 70% interest will be earned in the Lance #4 Claim by paying the sum of \$20,000 in three installments, \$5,000 on or before February 1, 1990, \$10,000 on or before May 31, 1990 and \$5,000 on or before June 30, 1990;
- (b) an 80% interest will be earned in the Lance #4 Claim by paying the sum of \$20,000 on or before February 1, 1991;
- (c) a 90% interest will be earned in the Lance #4 Claim by paying the sum of \$20,000 on or before February 1, 1992; and
- (d) a 100% interest will be earned in the Lance #4 Claim by paying the sum of \$20,000 on or before February 1, 1993.

The 100,000 shares are to be issued by the Issuer as follows:

- (a) 25,000 shares within seven days of the date of the Issuer's shares being listed and called for trading on the Vancouver Stock Exchange (the "Approval Date");
- (b) 25,000 shares on or before 90 days from the Approval Date;
- (c) 25,000 shares on or before 180 days from the Approval Date; and



- (d) 25,000 shares on or before 270 days from the Approval Date.

Pursuant to the Winslow Agreement, Winslow has agreed to reimburse the Issuer for issuing shares to Aranda. Winslow will reimburse the Issuer by issuing 50,000 shares of Winslow to the Issuer.

Pursuant to the terms of the Solomon Agreement (which may be subject to renegotiation - refer to the heading "Pending Legal Proceedings"), SRL has paid the Issuer and Winslow the sum of \$5,000 each, and is required to pay the Issuer and Winslow the sum of \$7,500 each on or before December 31, 1989. In addition, SRL is required to expend a total of \$2,000,000 on exploration on the Lance Property (which includes the Lance #1, Lance #3, Lance #4, TH1 and TH2 claims) as follows:

- (a) \$250,000 on or before December 31, 1989;
- (b) \$500,000 on or before December 31, 1990;
- (c) \$500,000 on or before December 31, 1991; and
- (d) \$750,000 on or before February 1, 1992.

In addition, SRL is required to issue 125,000 shares to each of the Issuer and Winslow as follows:

- (a) 50,000 shares upon approval of the Solomon Agreement by all regulatory bodies having jurisdiction;
- (b) 50,000 shares on or before February 1, 1990;
- (c) 25,000 shares on or before December 31, 1990;
- (d) 25,000 shares on or before December 31, 1991; and
- (e) 100,000 shares on or before the expiration of 15 days from the date a decision is made to put the Lance Property, or a portion thereof, into commercial production.

In the event all commitments are fulfilled under the Aranda Agreement, the Winslow Agreement, the Pepperdine Agreement and the Solomon Agreement the Issuer will hold a 25% interest in the Lance #4 Claim, Winslow will hold a 25% interest and SRL will hold a 50% interest.

At such time, SRL has earned a 50% interest in and to the interest of the Issuer and Winslow in the entire Lance Property, the parties have agreed to enter into a joint venture agreement for the purpose of further developing the Lance Property, and if warranted, bringing the Lance Property into commercial production. The interest of the Issuer, Winslow and SRL will be subject to dilution and in the event any party's interest is reduced to an undivided 10% interest, then such party's interest shall be converted to a 10% net proceeds interest.

The Lance #4 Claim is subject to a 2% net smelter return royalty in favour of Aranda. This net smelter return royalty may be purchased at any time within one year of the commencement of production on the Lance #4 Claim by paying Aranda the sum of \$500,000.

#### Lance #3 Claim

Pursuant to an agreement dated August 4, 1989 between the Issuer, Winslow and Ross Resources Inc. ("Ross Resources") of 1290 - 112 - 4th Avenue S.W., Calgary, Alberta, Ross Resources assigned (the "Assignment") equally to the Issuer and Winslow the option to purchase a 100% interest in and to the

**Lance #3 Claim.** This agreement has been accepted for filing by the Vancouver Stock Exchange on behalf of Winslow. Ross Resources is a private company owned 75% by Gerald N. Ross, President and a Director of the Issuer and 25% by Hugh G. Ross, Secretary/Treasurer and a Director of the Issuer.

Ross Resources acquired the option to purchase the Lance #3 Claim pursuant to an agreement dated January 5, 1989 (the "Option Agreement") with Aranda. As consideration for the Assignment, the Issuer and Winslow are each required to pay Ross Resources the sum of \$8,750 as reimbursement for the out-of-pocket costs of Ross Resources. The Issuer has reserved \$8,750 from the proceeds of this Offering to make this payment. The Issuer and Winslow are also each required to issue 50,000 shares to Ross Resources, subject to all required regulatory approvals, as reimbursement for 100,000 shares of Sasko Oil and Gas Limited which were delivered by Ross Resources to Aranda pursuant to the Option Agreement.

The Issuer and Winslow have, at the date of this Prospectus, earned a 60% interest (30% each) in and to the Lance #3 Claim. In order to acquire a 100% interest in and to the Lance #3 Claim a total of \$80,000 is to be paid to Aranda. Pursuant to the Solomon Agreement, SRL may earn a 50% interest in and to the interests of the Issuer and Winslow in the Lance #3 Claim. Pursuant to the Solomon Agreement the \$80,000 payment is the responsibility of SRL. The Option Agreement calls for these payments to be made as follows:

- (a) a 70% interest will be earned in the Lance #3 Claim by paying the sum of \$20,000 on or before February 1, 1990;
- (b) an 80% interest will be earned in the Lance #4 Claim by paying the sum of \$20,000 on or before February 1, 1991;
- (c) a 90% interest will be earned in the Lance #4 Claim by paying the sum of \$20,000 on or before February 1, 1992; and
- (d) a 100% interest will be earned in the Lance #3 Claim by paying the sum of \$20,000 on or before February 1, 1993.

The Lance #3 Claim is subject to a 2% net smelter return royalty in favour of Aranda. This net smelter return royalty may be purchased at any time within one year from commencement of production on the Lance #3 Claim by paying Aranda the sum of \$500,000.

In the event all commitments are fulfilled under the Option Agreement, the Assignment, the Pepperdine Agreement and the Solomon Agreement, the Issuer will have a 25% interest in the Lance #3 Claim, Winslow will have a 25% interest and SRL will have a 50% interest.

#### Lance #1 Claim

Pursuant to an agreement dated August 4, 1989 (the "Assignment Agreement") between the Issuer and Winslow, the Issuer acquired the option to purchase a 50% interest in Winslow's interest in the Lance #1 Claim. The Assignment Agreement has been accepted for filing by the Vancouver Stock Exchange on behalf of Winslow. Winslow acquired the option to purchase a 50% interest in the Lance #1 Claim pursuant to an agreement dated January 10, 1989 (the "Dakon Agreement") with Dakon Metals Inc. of 308 - 885 Dunsmuir Street, Vancouver, British Columbia and Aranda. The Dakon Agreement has been accepted for filing by the Vancouver Stock Exchange on behalf of Winslow. Dakon acquired its interest pursuant to an agreement dated August 7, 1988 (the "Aranda/Dakon Agreement") with Aranda. To date, the Issuer and Winslow have earned a 30% interest (15% each) in and to the Lance #1 Claim. Winslow acquired this interest by paying Dakon the sum of \$25,000 and by issuing 25,000 shares to Dakon. Pursuant to the Assignment Agreement the Issuer is required to pay Winslow the sum of \$12,500 and to issue 12,500 shares to Winslow on the Effective Date of this Prospectus as

consideration for acquiring this interest. The Issuer has reserved \$12,500 from the proceeds of this Offering to make this payment.

Pursuant to the Solomon Agreement, SRL may acquire a 50% interest in and to the interests of the Issuer and Winslow in the Lance #1 Claim.

In order to acquire a 50% interest in and to the Lance #1 Claim, a further \$50,000 must be paid to Dakon and 75,000 shares issued to Dakon. The cash payments are to be made by SRL pursuant to the Solomon Agreement. The Dakon Agreement calls for these funds to be paid as follows:

- (a) \$25,000 on or before February 1, 1990; and
- (b) \$25,000 on or before February 1, 1991.

The 75,000 shares are to be issued by Winslow as follows:

- (a) 25,000 shares on the earlier of completion of a Phase I exploration program on the Lance #1 Claim or October 31, 1989;
- (b) 25,000 shares on or before December 15, 1989; and
- (c) 25,000 shares on the earlier of completion of a Phase II exploration program on the Lance #1 Claim or October 31, 1990.

Pursuant to the Assignment Agreement the Issuer has agreed to reimburse Winslow for one half of all shares issued by Winslow to Dakon, by issuing shares to Winslow having a fair market value equivalent to one half of the market value of Winslow's shares at the date of issuance to Dakon.

Pursuant to the Aranda/Dakon Agreement, Dakon is required to issue 100,000 shares to Aranda upon acceptance of the Aranda/Dakon Agreement for filing by all securities regulatory authorities having jurisdiction, and is required to pay Aranda the sum of \$70,000 as follows:

- (a) \$10,000 on or before October 7, 1988;
- (b) \$15,000 on or before August 7, 1989;
- (c) \$20,000 on or before August 7, 1990; and
- (d) \$25,000 on or before August 7, 1991.

Pursuant to the Aranda/Dakon Agreement the Lance #1 Claim is subject to a 3% net smelter return royalty in favour of Aranda. Pursuant to the Dakon Agreement, the payment of this royalty is the sole responsibility of Dakon.

In the event all commitments are fulfilled under the Dakon Agreement, the Assignment Agreement, the Aranda/Dakon Agreement, the Pepperdine Agreement and the Solomon Agreement, the Issuer will have a 12.5% interest in the Lance #1 Claim, Winslow will have a 12.5% interest, SRL will have a 25% interest and Dakon will have a 50% interest.

In the event SRL does not make all payments due to Dakon and Aranda to maintain the option on the Lance #4, #3 and #1 Claims, pursuant to the Solomon Agreement, the Issuer and Winslow will be required to make these payments each as to 50%, subject to having available financing.

### TH1 and TH2 Claims

Pursuant to an Agreement dated August 4, 1989 between the Issuer, Winslow and Ross Resources, the Issuer and Winslow each acquired a 25% interest in and to the TH1 and TH2 claims. This Agreement has been accepted for filing by the Vancouver Stock Exchange on behalf of Winslow. As consideration for this interest, the Issuer and Winslow are each required to pay Ross Resources the sum of \$2,500 as reimbursement for the out-of-pocket costs of Ross Resources in acquiring the TH1 and TH2 Claims. The Issuer has reserved \$2,500 from the proceeds of this Offering to make this payment. Ross Resources acquired its 50% interest in the TH1 and TH2 Claims from T. Heinrichs. The other 50% interest belongs to Teuton Resources Corp. ("Teuton").

In the event SRL fulfills all of its obligations under the Solomon Agreement, the Issuer will have a 12.5% interest in the TH1 and TH2 Claims, Winslow will have a 12.5% interest, SRL will have a 25% interest and Teuton will have a 50% interest.

The TH1 and TH2 Claims are subject to a Section 35 complaint filed under the Mineral Tenure Act (British Columbia). Management considers the complaint to be without merit. However, if the complaint were successful, the Issuer would lose title to the TH1 and TH2 Claims. This complaint may also necessitate a renegotiation of the Solomon Agreement. Refer to the heading "Pending Legal Proceedings".

The Lance property is the subject of a report prepared by David G. DuPre, P. Geol. and dated August 23, 1989 a copy of which will be available for inspection at the time and place set forth under the heading "Inspection of Documents".

### Location and Access

The Lance Property is located in northwestern British Columbia, approximately 80 kilometres northwest of Stewart. Access to the Property is by fixed wing aircraft from Terrace, Stewart or Smithers to various airstrips in the area and then via helicopter to the Property. The claims can also be directly accessed by helicopter from Stewart.

At some future date, road access to the area from the Stewart - Cassiar Highway could be obtained via the Upper Unuk River and Tiegen Creek valleys.

### History and Mineralization

The area drained by the upper reaches of the Stikine, Iskut, Unuk, Craig and Bell-Irving Rivers has been explored for gold since the late 1800's when prospectors passed through the region on their way to the interior. In the 1970's the porphyry copper boom again brought prospectors and companies into the area. The current gold exploration rush began in 1980 with the option of the Sulphurets property by Esso Minerals Canada and the acquisition of the Johnny Mountain claims by Skyline Explorations Ltd. The Johnny Mountain deposit was brought into production in mid-1988 and the adjacent SNIP property is slated for production in 1990.

The mineralization at Eskay Creek was discovered in 1932 and active prospecting has continued sporadically since then. Two adits are the result of limited mining activity on this prospect. In 1988 Calpine Resources Incorporated discovered high grade gold and silver mineralization on the #21 Zone (Northern Miner - November 7, 1988). A number of excellent diamond drill intersections have been obtained to date including drill hole CA-88-06 which encountered 96 feet of 0.752 oz/ton gold and 1.13 oz/ton silver. The drilling results obtained to date indicate that the #21 Zone extends in excess of 335 m along strike and is open along strike and at depth.

The Unuk River area was covered by regional geological mapping in 1988 as part of the Iskut-

Sulphurets Project carried out by the B.C. Ministry of Energy, Mines and Petroleum Resources (Britten et al., 1989). The whole of NTS 104B is currently being mapped by R.G. Anderson of the Geological Survey of Canada (Anderson, 1989).

The results of a regional stream sediment sampling program conducted over this area were released in July, 1988 (National Geochemical Reconnaissance, 1988). In the Unuk River area, Britten et al. (1989) report that almost every known precious metal prospect in the Unuk River area is associated with high stream sediment gold values. Known gold deposits are also associated with high but variable values for such pathfinder elements as silver, arsenic, antimony and barium. Seven stream sediment samples were collected from streams draining the Lance Property. Six of these exhibit elevated to anomalous values (see Table 1) in several elements including two in gold.

TABLE 1

**Anomalous Government Silt Sample Results**

<u>Sample No.</u> <u>(no. on Figure 5 of Report)</u>	<u>Results</u>
873202 (1)	200 ppb Hg
873206 (2)	40 ppb Au
873204 (3)	24 ppb Au, 4.2 ppm Sb, 300 ppb Hg
873205 (4)	4.5 ppm Sb, 300 ppb Hg
871394 (5)	4.8 ppm Sb, 440 ppb Hg, 730 ppm Zn, 7.3 ppm Cd
873209 (6)	250 ppb Hg, 260 ppm Zn

During May of 1988, Shensha Consultants Limited of Calgary completed an interpretation of an airborne VLF-EM and Magnetic survey flown in 1988 by Western Geophysical Aero Data Ltd. This survey covered the ground which now comprises the Lance Property. Shensha identified 13 VLF-EM anomalies and 10 magnetic highs which lie within the Property boundary. They also indicated that 2 of the magnetic highs are probably due to an augite-syenite dyke or a porphyry. Shensha interpreted 7 of the VLF-EM anomalies as possibly caused by the presence of metallic sulphides.

Britten et al. (1989) list 55 mineral occurrences in the Unuk Area map sheet. These showings are predominantly gold/silver occurrences and are hosted by a number of various lithologies. Most can be classified into one of four categories: stratabound, vein, skarn and disseminations. Grove (1986) has determined that the age of the mineralizing events is variable and, notably, can be post-Triassic (Table 2).

No economically mineralized showings are known from the area covered by the Lance Property. At this time, the Eskay Creek Prospect, located 4.5 kilometres northwest of the Lance Property, is the most significant showing in the area. This prospect comprises at least eight mineralized zones occurring over a strike length of 1,800 metres within a sequence of felsic volcanics (Mount Dilworth Formation). This property is currently being explored by Calpine Resources Incorporated. Preliminary drilling on the #21 Zone (Northern Miner - November 7, 1988) intersected 96 feet assaying 0.752 oz/ton gold and 1.13 oz/ton silver including 52.5 feet of 1.330 oz/ton gold and 1.99 oz/ton silver.

The drilling results obtained to date indicates that the #21 Zone extends in excess of 335 m and is open along strike and at depth. These occurrences have been variously described as silicified shear zones (Harris, 1985) or as volcanogenic deposits (Donnelly, 1976). The mineralization is associated with disseminated sulphides in felsic volcanic breccias and graphitic argillites in contact with overlying intermediate volcanic rocks.

Approximately 0.5 km south of the Lance Property, sketchy results from the Unuk (Zone 1) mineral

occurrence indicate significant precious metal values. Grab samples collected in 1987 reportedly assayed up to 3.16 g/t gold and 74.1 g/t silver. The mineralization is reported to be hosted by volcanics of the Betty Creek Formation.

### Exploration Recommendations

It is recommended that the Lance Property be subjected to a moderately detailed and staged exploration program in order to evaluate its potential for hosting precious metal and/or polymetallic deposits. The following programs are recommended:

#### Component I - Phase I & II

- (1) An airphoto interpretation is proposed in order to delineate linear features which may be related to prospective faults or shears. These should be plotted on a topographical base map (1:10,000) prepared from an enlargement of the government's 1:50,000 topographical mapping.
- (2) A geochemical orientation survey, supervised by a qualified geochemist, is recommended to maximize the effectiveness of the proposed geochemical surveys listed below:
- (3) Stream sediment (silts and heavy mineral concentrates) samples should be collected at 200 m intervals along all streams draining the Property.
- (4) Reconnaissance soil sample grids (lines 100 m apart with 25 m station intervals) should be established to cover the airborne VLF-EM anomalies, the gossans and especially the favourable Mount Dilworth Formation. Favourable stream sample results may dictate additional, selected soil sample coverage.
- (5) It is proposed that reconnaissance geological mapping and prospecting be carried out over the entire Property. The area underlain (Britten et al., 1989) by the Mount Dilworth Formation should be concentrated on. In addition to determining the geology of the Property, particular attention should be devoted to evaluating the following features:
  - the very pyritic section of the Mount Dilworth Formation
  - the delineated airborne VLF-EM anomalies, especially those associated with the aeromagnetic anomalies
  - the gossan situated in the central portion of the property
  - the fault structure in the central portion of the property where it cuts the Mount Dilworth Formation
  - airphoto lineaments identified through the proposed interpretation
  - additional gossans observed from the air
- (6) A provision for trenching and chip sampling of prospects is proposed.

#### Component II

A drilling program, contingent on favourable results, is proposed.

Any exploration work carried out on the Lance Property to a maximum of \$2,000,000 will be for the account of SRL pursuant to the Solomon Agreement. The Issuer does not intend to reserve any of the proceeds from this Offering to conduct exploration work on the Lance Property, but as noted above, has reserved funds to make option payments due to Ross Resources and Winslow.

An initial exploration program in the amount of \$100,000 is being carried out on the Lance Property by Winslow, and SRL has agreed to reimburse Winslow for this.

The Issuer has expended \$4,000 on exploration work on the Lance Property.

There is no surface or underground plant or equipment and there are no known bodies of commercial ore on the Lance Property.

**ERICKSEN-ASHBY PROPERTY, ATLIN MINING DIVISION,  
PROVINCE OF BRITISH COLUMBIA**

Interest Acquired by the Issuer

By Agreement made as of the 15th day of June, 1987 as amended May 16, 1989, June 14, 1989 and November 1, 1989 (the "Rayner Option Agreement") between the Issuer and G.H. Rayner & Associates Limited ("Rayner") the Issuer acquired the sole and exclusive option (the "Option") to purchase a 100% interest in and to two recorded mineral claims located in the Atlin Mining Division of the Province of British Columbia (the "Ericksen-Ashby Property") as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
E-A 1	151	October 7, 1993
E-A 2	671	May 23, 1993

As of the date of this Prospectus, the Issuer has paid Rayner the sum of \$10,000 in Option payments.

The Option to acquire the Ericksen-Ashby Property will be fully exercised by the Issuer issuing 100,000 shares to Rayner, 25,000 shares of which will be due within seven business days from the date the Issuer's shares are listed for trading on the Vancouver Stock Exchange, 25,000 shares of which will be due 90 days following the date of listing and the balance of which will be due on June 14, 1990. The issuance of this final 50,000 shares will be subject to carrying out a work program on the Ericksen-Ashby Property and the filing of an engineering report acceptable to the Vancouver Stock Exchange recommending that further work be carried out on the Ericksen-Ashby Property. The Issuer is also required to pay Rayner \$25,000 within 7 days of the Issuer's shares being listed for trading on the Vancouver Stock Exchange, \$25,000 on or before June 14, 1990, and thereafter the greater of 3% of net smelter returns or the following minimum royalty payments:

- (a) \$30,000 on or before June 14, 1991;
- (b) \$35,000 on or before June 14, 1992;
- (c) \$40,000 on or before June 14, 1993;
- (d) \$45,000 on or before June 14, 1994; and
- (e) \$50,000 on or before June 14, 1995.

The Rayner Option Agreement provides that the Issuer shall pay Rayner on June 14, 1996 and on each subsequent anniversary either \$50,000 or proceeds equal to 3% of net smelter returns whichever is greater. Further, the minimum payment of \$50,000 owing by the Issuer to Rayner shall be adjusted each year by multiplying \$50,000 by a fraction the numerator of which is the Canadian GNP Implicit Price Index published for the third quarter of the year preceding the year in which payment is made and the denominator of which is the Canadian GNP Implicit Price Index published by Statistics Canada,

or its successor for the first quarter of 1987, provided that in no event shall such payment be reduced below \$50,000.

The Issuer has the right to purchase up to 2% of the net smelter royalty from Rayner by paying Rayner \$800,000 for each 1% of the net smelter royalty acquired within five years after the Ericksen-Ashby Property is brought into commercial production.

The Ericksen-Ashby Property previously consisted of nine located mineral claims. Seven of the mineral claims have since been abandoned (the "Abandoned Claims"). The option to acquire the Abandoned Claims was acquired pursuant to an Agreement dated the 15th day of June, 1987, as amended by Agreements dated March 11, 1988 and June 6, 1988 (the "Georgia Option Agreement") between the Issuer and Georgia Resources Inc. ("Georgia"). The Issuer paid Georgia the sum of \$20,000 pursuant to the Georgia Option Agreement. The Georgia Option Agreement lapsed in accordance with its terms when the Issuer's shares were not called for trading on the Vancouver Stock Exchange prior to July 31, 1988. Georgia has threatened legal proceedings in relation to the Georgia Option Agreement, claiming that 25,000 shares are due from the Issuer. Refer to the heading "Pending Legal Proceedings".

Christopher Graf, a director of the Issuer, had a 25% interest in the Abandoned Claims. Mr. Graf gave notice of his interest to the Issuer's directors pursuant to Section 144(3) of the Company Act (British Columbia).

The Issuer has expended the sum of \$126,311 on exploration on the Ericksen-Ashby Property, including the Abandoned Claims. The Issuer does not intend to conduct any exploration work on the Ericksen-Ashby Property in the near future but does intend to keep its option on the Ericksen-Ashby Property in good standing, subject to having sufficient funding to do so.

There is no surface or underground plant or equipment nor is there a known body of commercial ore on the Ericksen-Ashby Property.

#### ISKUT RIVER PROPERTY, LIARD MINING DIVISION, PROVINCE OF BRITISH COLUMBIA

##### Interest Acquired by the Issuer

The Issuer is the owner of four recorded mineral claims (the "Iskut River Property") located in the Liard Mining Division of the Province of British Columbia which were located by F. J. Hemelspeck of Ottawa Street, Smithers, B.C. on March 31, 1987 as agent for Gerald N. Ross and transferred to the Issuer by agreement between the Issuer and Gerald N. Ross (the "Ross Agreement") dated August 18, 1987 as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Gloria 1	4027	June 21, 1990
Gloria 2	4028	June 21, 1990
Gloria 3	4029	June 21, 1990
Gloria 4	4030	June 21, 1990

Pursuant to the terms of the Ross Agreement the Issuer has acquired a 100% interest in and to the Iskut River Property in consideration for \$4,001 which was paid upon execution of the Ross Agreement.

To date, the Issuer has expended \$2,609 on exploration work on the Iskut River Property. The Issuer



does not intend to expend any funds on exploration work on the Iskut River Property in the near future, but does intend to keep the Iskut River Property in good standing.

There is no surface or underground plant or equipment nor is there a known body of commercial ore on the Iskut River Property.

**ILIAD PROPERTY, SKEENA MINING DIVISION,  
PROVINCE OF BRITISH COLUMBIA**

Pursuant to an Agreement dated the 12th day of January, 1989 (the "Erlank Agreement"), between the Issuer and Tony Erlank ("Erlank") of 201 - 1510 West 1st Avenue, Vancouver, British Columbia, the Issuer was granted the option to purchase a 100% interest in and to two recorded mineral claims both situated in the Skeena Mining Division, Province of British Columbia as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Iliad 1	5706	January 5, 1990
Iliad 4	5709	January 5, 1990

Pursuant to the Erlank Agreement, in order to acquire a 100% interest in and to the Iliad Property, the Issuer is required to issue 100,000 shares to Erlank as follows:

- (a) 25,000 shares on or before the expiration of 15 days from the date the Issuer's shares are listed for trading on the Vancouver Stock Exchange (the "Trading Date");
- (b) 25,000 shares on or before the expiration of 3 months from the Trading Date;
- (c) 25,000 shares on or before the expiration of 30 days from the completion of a Phase I exploration program on the Iliad Property; and
- (d) 25,000 shares on or before the expiration of 30 days from the completion of a Phase II exploration program on the Iliad Property.

The Iliad Property is subject to a 1% net smelter return royalty in favour of Erlank. The Issuer may purchase this royalty at any time within two years from commencement of commercial production on the Iliad Property by paying Erlank the sum of \$250,000.

To date, the Issuer has expended \$5,706 on exploration work on the Iliad Property. The Issuer does not intend to expend any funds from the proceeds of this Offering on exploration work on the Iliad Property, but does intend to keep its option on the Iliad Property in good standing.

There is no surface or underground plant or equipment nor is there a known body of commercial ore on the Iliad Property.

**USE OF PROCEEDS**

The Issuer intends to apply the net proceeds from this Offering of \$320,000 together with current assets as at the date of this Prospectus in the amount of \$18,759 in order of priority as follows:

- (a) to pay legal, audit and printing costs of this Prospectus: \$ 20,000

(b) to pay current liabilities to November 8, 1989	\$ 30,283
(c) to commence the Phase IV exploration program on the Shawn Property	\$ 40,000
(d) to make the final option payments due on the Shawn Property	\$ 5,625
(e) to make the payment due to Ross Resources Inc. on the Lance #3 Claim	\$ 8,750
(f) to make the payment due to Winslow Gold Corp. on the Lance #1 Claim	\$ 12,500
(g) to make the payment due to Ross Resources Inc. on the TH1 and TH2 Claim	\$ 2,500
(h) as a reserve to complete the Phase IV exploration program on the Shawn Property	\$ 95,938
(i) to make the next option payment due on the Ericksen-Ashby Property	\$ 25,000
(j) for working capital and general corporate purposes:	<u>\$ 98,163</u>
TOTAL:	\$ 338,759

If the Agents' Warrants are exercised, proceeds from the sale of treasury shares to the Agents will be used primarily for general corporate purposes.

The Issuer may, pursuant to the written recommendations of a qualified engineer, abandon in whole or in part any of its properties or may alter work in progress, a work program recommended or may make such arrangements for the performance of all or any portion of such work or examining other properties acquired by the Issuer after the date of this Prospectus, although the Issuer has no present plans in this regard. If any such event occurs during the distribution of the Shares referred to in this Prospectus, an amendment to this Prospectus will be filed. If any such event occurs after distribution of the Shares offered under this Prospectus, the shareholders will be notified.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may be lawfully sold. Should the Issuer intend to use the proceeds to acquire other than trustee-type securities after the distribution of the securities offered by this Prospectus, approval of the members of the Issuer must be obtained and notice of the intention must be filed with the regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

In the event of any material change in the affairs of the Issuer during the distribution of the Shares offered by this Prospectus, an amendment to this Prospectus will be filed. Following completion of the distribution of the Shares offered by this Prospectus, shareholders will be notified of changes in the affairs of the Issuer in accordance with the requirements of the appropriate regulatory authorities.

**SHARE AND LOAN CAPITAL STRUCTURE**

<u>Share Capital Authorized</u>	<u>Amount Outstanding as of Date of Financial Statements attached hereto</u>	<u>Amount Outstanding as at Date of this Prospectus</u>	<u>Amount Outstanding if All Shares Sold</u>
25,000,000	2,183,335	2,183,335	2,983,335*

\* In the event the Agents exercise their warrants in full, this number will increase to 3,183,335.

As of the date of the financial statements attached hereto, the Issuer has no retained earnings and has a deficit of \$216,556.

**RISK FACTORS**

The shares offered by this Prospectus must be considered speculative due to the nature of the Issuer's business. There is no assurance that expenditures to be made by the Issuer will result in any discoveries of minerals in commercial quantities.

Mineral exploration and development is inherently speculative and carries with it many risks that even the most careful evaluation and management cannot overcome. There is no assurance that any production will be obtained. If production is obtained, prices received are subject to market fluctuations and to the risk of changes in government regulation of prices, taxation, production, environmental protection and land use.

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position.

Upon completion of this Offering, this issue will represent 26.8% of the shares then outstanding as compared to 32.5% that will then be owned by the promoters, directors, senior officer, officers, controlling persons of the Issuer and associates of the Agent.

The TH1 and TH2 Claims which comprise part of the Issuer's Lance Property are currently subject to a Section 35 dispute filed under the Mineral Tenure Act (British Columbia). Management considers the complaint to be without merit. However, if the complaint were successful, the Issuer would lose title to the TH1 and TH2 Claims. This complaint may also necessitate a renegotiation of the Solomon Agreement. Refer to the headings "Description of Business and Property" and "Pending Legal Proceedings".

The pro forma dilution of the investment in the securities offered hereby based on net tangible assets as at the date of this Prospectus is 58%

There is no market through which the securities offered pursuant to this Prospectus may be sold. An application has been made to the Vancouver Stock Exchange to conditionally list the securities being offered hereby. Listing is subject to the Issuer fulfilling all the listing requirements of the Vancouver Stock Exchange. There is no assurance a listing will be obtained. The probability of sale of any securities purchased and the probability of profit on such resale cannot be determined.

**ACQUISITIONS**

For information as to material asset acquisitions by the Issuer within the preceding two years see "Description of Business and Property".

**PROMOTERS**

By virtue of the definition set out in section 1(1) of the Securities Act of the Province of British Columbia, Mr. Gerald N. Ross, President and a Director of the Issuer and Hugh G. Ross a Director and Secretary/Treasurer of the Issuer may be considered the promoters of the Issuer. Mr. Gerald N. Ross has received shares of the Issuer as follows:

- (a) 487,500 escrowed shares at a price of \$0.01 per share; \*
- (b) 40,001 shares at a price of \$0.25 per share;

Mr. Hugh G. Ross has received shares of the Issuer as follows:

- (a) 40,000 shares at a price of \$0.25 per share;
- (b) 162,500 escrowed shares at a price of \$0.01 per share; \*

\* These shares are held indirectly and are registered in the name of Ross Resources Inc., which is owned 75% by Gerald N. Ross and 25% by Hugh G. Ross.

Mr. Gerald N. Ross and Mr. Hugh G. Ross have received a total of \$10,000 in cash compensation and a further \$20,000 has accrued to Ross Resources Inc. for management, secretarial and office services as of the date of this Prospectus. Gerald N. Ross and Hugh G. Ross have received incentive stock options entitling them to purchase 136,000 and 67,000 shares of the Issuer respectively, at a price of \$0.45 per share exercisable for five years from the Effective Date of this Prospectus. See "Executive Compensation".

**PENDING LEGAL PROCEEDINGS**

The TH1 and TH2 Claims, which comprise part of the Issuer's Lance Property, are subject to a section 35 complaint filed under the Mineral Tenure Act (British Columbia). Management considers the complaint to be without merit. However, if the complaint were successful, the Issuer would lose title to the TH1 and TH2 Claims. This complaint may also necessitate a renegotiation of the Solomon Agreement. Refer to the heading "Description of Business and Property".

Georgia Resources Inc. ("Georgia") has threatened to commence legal proceedings against the Issuer in respect of an option agreement on certain mineral claims which previously comprised part of the Ericksen-Ashby Property. These claims have been abandoned by the Issuer and the agreement has expired. Georgia has taken the position that the Issuer is still required to issue 25,000 shares, but as of the date of this Prospectus has not commenced legal proceedings. Management considers the threatened action to be of dubious merit.

The Issuer is not a party to any other legal proceedings.

**DIVIDEND REPORT**

The Issuer has not, since its incorporation, paid any dividends on any of its shares. The Issuer has no present intention to pay dividends but the future dividend policy will be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.

**DIRECTORS AND OFFICERS****GERALD NESBITT ROSS**

274 Eagleridge Drive S.W.

Calgary, Alberta

**President and Director**

Mr. Ross is the President and a Director of Sasko Oil and Gas Limited and Winslow Gold Corp.. Prior thereto, he was President, Chief Executive Officer and Director of Acroll Petroleum Ltd. and its associated companies which were sold to TransCanada Resources Ltd. in June, 1979.

No. of Shares Held:           40,001 Direct  
  487,500 Indirect\*

- \* The indirect shares are registered in the name of Ross Resources Inc., which is owned 75% by Gerald N. Ross and 25% by Hugh G. Ross.

**HUGH GERALD ROSS\*\***

104 - 1305 Glenmore Trail

Calgary, Alberta

**Secretary/Treasurer and Director**

Mr. Ross has been the Secretary-Treasurer of Sasko Oil & Gas Limited since June, 1981 and Winslow Gold Corp. since June, 1983.

No. of Shares Held:           40,000 Direct  
  162,500 Indirect\*

- \* The indirect shares are registered in the name of Ross Resources Inc., which is owned 25% by Hugh G. Ross and 75% by Gerald N. Ross.

**BRUCE ALLAN MacDONALD\*\***

210 Roxboro Drive S.W.

Calgary, Alberta

**Director**

Mr. Macdonald has been President, Chief Executive Officer and a Director of TransCanada Resources Ltd. since 1972. He is also a Director of Winslow Gold Corp.

No. of Shares Held:           90,000 Direct

**CHRISTOPHER GRAF, P.ENG.\*\***

2202 - 1111 Beach Avenue

Vancouver, B.C.

**Director**

Mr. Graf is a professional engineer and President of Active Minerals Exploration Ltd. since 1980. He is also a Director of Winslow Gold Corp.

No. of Shares Held:           90,000 Direct

\*\* Denotes member of audit committee

Certain of the directors and officers of the Issuer are also directors, officers and shareholders of other companies engaged in mineral exploration and development, and conflicts of interest may arise between their duties as directors of the Issuer and as directors of other companies. All such possible conflicts will be disclosed in accordance with the requirements of the British Columbia Company Act and the directors concerned will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed on them by law. In particular, the directors and officers of the Issuer have agreed to the following:

- (a) Participation in natural resource prospects offered to the directors and officers will be allocated between the various companies on the basis of prudent business judgment and the relative financial abilities and need of the companies to participate; and
- (b) natural resource prospects formulated by or through the other companies engaged in mineral exploration and development in which the directors and officers of the Issuer are involved will not be offered to the Issuer except on the same or better terms than the basis on which they are offered to third party participants.

### EXECUTIVE COMPENSATION

Since the period of incorporation to the date of this Prospectus the Issuer has not paid any remuneration either directly or indirectly to its directors or senior officers except as follows;

#### Executive Compensation in the Form of Cash

There are two executive officers of the Issuer being the President and the Secretary/Treasurer. A total of \$10,000 in cash compensation has been paid to the Issuer's executive officers (through their private company, Ross Resources Inc.) by the Issuer for services rendered during the period commencing on the date of incorporation and ending on the date of this Prospectus. A further \$25,000 has accrued to Ross Resources Inc. for management, office and secretarial services from January 1, 1989 to the date of this Prospectus. Ross Resources Inc. is entitled to receive compensation for providing these services at the rate of \$2,500 per month. Management functions include investigating properties of merit, arranging financing and general administrative functions. The Issuer's executive officers spend approximately 50% of their time on the Issuer's operations.

#### Plans of Executive Compensation

Except as disclosed in this Prospectus, neither cash nor non-cash compensation was paid or distributed to executive officers of the Issuer pursuant to any plan of executive compensation. Options have been granted to the executive officers as follows:

#### Options

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Gerald N. Ross 274 Eagleridge Drive S.W. Calgary, Alberta President	136,000	\$0.45	5 Years from the Effective Date of this Prospectus

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Hugh G. Ross 104 - 1305 Glenmore Trail Calgary, Alberta Secretary/Treasurer	67,000	\$0.45	5 Years from the Effective Date of this Prospectus

#### Other Executive Compensation

Except as disclosed in this Prospectus no other executive compensation was paid to the executive officers of the Issuer during the period commencing on the date of incorporation and ending on the date of this Prospectus.

#### Executive Compensation in View Of Termination of Employment or Change of Control

There is no plan or arrangement in respect of executive compensation received or that may be received by executive officers for the period commencing on the date of incorporation and ending on the date of this Prospectus, which is intended to compensate the Issuer's executive officers in the event of termination of employment (resignation, retirement or change of control).

#### Compensation of Directors

No cash or non-cash compensation was paid or payable to any of the directors of the Issuer either directly or pursuant to a plan or arrangement, other than the granting of directors incentive stock options (see heading "Options to Purchase Securities of the Issuer" below).

### OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

The Issuer has granted incentive options to its directors and employees, all exercisable at a price of \$0.45 per share for a period of five years from the Effective Date of this Prospectus:

#### **Directors**

<b>Name</b>	<b>No. of Shares</b>
Hugh G. Ross	67,000
Christopher Graf	42,500
Bruce A. Macdonald	42,500

#### **Employees**

<b>Name</b>	<b>No. of Shares</b>
Gerald N. Ross	136,000

### INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the directors or senior officers of the Issuer, nor associates or affiliates of such persons is or has been indebted to the Issuer at any time since the date of the Issuer's incorporation.

**ESCROWED SHARES**

As of the date of this Prospectus, 750,000 shares are held in escrow by The National Trust Company, 324 - 8th Avenue S.W., Calgary, Alberta, T2P 3B2, subject to the direction or determination of the Superintendent of Brokers and the Vancouver Stock Exchange. The escrow agreement provides that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Issuer, its transfer agent or escrow holder make any transfer or record any trading of the shares without the prior consent of the Superintendent of Brokers (if unlisted) or the Vancouver Stock Exchange (if the Issuer obtains a listing).

The complete text of the escrow agreement is available for inspection at the Company's registered office, 1600 - 609 Granville Street, Vancouver, B.C. during the period of distribution of the securities offered hereunder and for thirty days thereafter.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage Class</u>
Common	750,000	34.4%

The owners of the escrow shares are as follows:

<u>Name</u>	<u>No. of Share</u>
Gerald N. Ross	487,500*
Hugh G. Ross	162,500*
Bruce A. Macdonald	50,000
Christopher Graf	50,000

- \* These shares are registered in the name of Ross Resources Inc., a private company owned 75% by Gerald N. Ross and 25% by Hugh G. Ross

**POOLED SHARES**

As of the date of this Prospectus 940,000 shares are held in a voluntary pool by National Trust Company, 324 - 8th Avenue, S.W., Calgary, Alberta. The shares held in pool are to be released on the basis of 25% at the time of listing of the Issuer's common shares on the Exchange and 25% every three months thereafter. While pooled, except with the written consent of the Exchange, the holders of the pooled shares may not sell, deal in, assign or transfer in any manner whatsoever any of the pooled shares or beneficial ownership thereof or any interest therein.

A further 60,000 shares are held by National Trust Company, subject to release as follows:

- (a) no sales or other dealings in the shares may take place prior to the expiry of six months from the date of listing of the Issuer's shares on the Vancouver Stock Exchange;
- (b) sales in the three months following the expiration of the aforesaid six month period are limited to 25% of the shares;
- (c) sales every three months thereafter are limited to 25,000 shares; and
- (d) no shares may be sold unless at least seven days notice of an intended sale is filed with the Vancouver Stock Exchange and the Superintendent of Brokers, and where such sale does not occur within 120 days from the date of notice, further notice must be given.



**PRINCIPAL HOLDERS OF SECURITIES**

- (a) As of the date of this Prospectus, the following table sets forth the number of shares owned of record or beneficially, directly or indirectly by each person who owns more than 10% of the Issuer's shares:

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>% of Shares Outstanding</u>
Gerald N. Ross 274 Eagleridge Dr. S.W. Calgary, Alberta	Common	Indirect & Beneficial	487,500 *	22.3%
		Direct & Beneficial	40,001	1.8%
		Total:	527,501	24.2%
Hugh G. Ross 104 - 1305 Glenmore Trail, Calgary, Alberta	Common	Indirect & Beneficial	162,500*	7.4%
		Direct & Beneficial	40,000	1.8%
		Total:	202,500	9.2%
Equity Preservation Fund 3280 - 666 Burrard St. Vancouver, B.C.	Common	Direct & Beneficial	433,334	19.8%

\* The indirect shares are registered in the name of Ross Resources Inc.

- (b) The following table sets forth the number of shares owned of record or beneficially, directly or indirectly by all of the directors, senior officers and promoters of the Issuer as a group:

<u>Designation Class</u>	<u>No. of Shares</u>	<u>Percentage of Class</u>
Common	910,001	41.7%

**PRIOR SALES**

From its incorporation to the date of this Prospectus, the Issuer has sold the following shares for cash:

<u>No. of Shares</u>	<u>Price Per Share</u>	<u>Commission Paid</u>	<u>Net Cash Received</u>
750,000	\$0.01	Nil	\$ 7,500
1,000,001	\$0.25	Nil	\$250,000
<u>433,334</u>	\$0.75	Nil	<u>\$325,000</u>
TOTAL:2,183,335			\$582,500

#### SALES OTHERWISE THAN FOR CASH

No securities are being offered under this Prospectus otherwise than for cash, and the Issuer has not issued any shares for other than cash consideration.

#### INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Directors and Senior Officers of the Issuer have no interest in any material transactions in which the Issuer has participated or intends to participate at this time, save and except as disclosed in this Prospectus and in particular those matters disclosed under the heading "Description of Business and Property".

#### AUDITORS, TRANSFER AGENT AND REGISTRAR

The Auditor for the Issuer is Roberts & Company, Chartered Accountants, 102, 2411 4th Street N.W., Calgary, Alberta, T2M 2Z8.

The Registrar and Transfer Agent for the Issuer is the National Trust Company, 666 Burrard Street, Vancouver, British Columbia, V6E 2Z9 and, 1008 Home Oil Tower, 324 8th Avenue S.W., Calgary, Alberta, T2P 2Z2.

#### MANAGEMENT'S DISCUSSION OF INTERIM OPERATING ACTIVITIES

Since the date of the audited financial statements attached hereto, current liabilities have been reduced by approximately \$2,000. Current assets have also been reduced by approximately \$13,000. These funds were expended as follows:

Option payment on Shawn Property	\$ 5,000
Filing Fees	6,300
Miscellaneous	<u>1,700</u>
TOTAL	\$ 13,000

#### MATERIAL CONTRACTS

Particulars of material contracts entered into by the Issuer within the two years prior to the date of this Prospectus are as follows:

- (a) Agency Agreement, more particularly described under the heading "Plan of Distribution";
- (b) Director and Employee Option Agreements more particularly described under the heading "Options

to Purchase Securities of the Issuer";

- (c) Escrow Agreements more particularly described under the heading "Escrowed Shares";
- (d) Property Acquisition Agreements more particularly described under the heading "Description of Business and Property" as follows:

Shawn Property Acquisition Agreements

- (i) Agreement dated as of the 18th day of June, 1987, between the Issuer and Wallace L. Nesbitt;
- (ii) Agreement dated as of the 18th day of June, 1987, between the Issuer and ILM Resources Ltd. as amended by agreements dated October 1, 1987, February 19, 1988, May 10, 1988 and September 27, 1988.
- (iii) Agreements dated October 27, 1987, November 30, 1987, September 23, 1988 and May 25, 1989 between the Issuer and Stuart William Barclay and Eleanor Barclay.

Lance Property Acquisition Agreements

- (i) Agreement dated as of the 5th Day of January, 1989 between the Issuer and Aranda Properties Inc., as amended by Agreements dated June 1, 1989, June 30, 1989 and August 1, 1989.
- (ii) Agreement dated as of the 4th day of August, 1989 between the Issuer and Winslow Gold Corp.
- (iii) Agreement dated as of the 15th day of August, 1989 between the Issuer, Winslow Gold Corp. and Solomon Resources Limited.
- (iv) Agreement dated as of the 4th day of August, 1989 between the Issuer, Winslow Gold Corp. and Ross Resources Inc.
- (v) Agreement dated as of the 4th day of August, 1989 between the Issuer and Winslow Gold Corp.
- (vi) Agreement dated as of the 4th day of August, 1989 between the Issuer, Winslow Gold Corp. and Ross Resources Inc.
- (vii) Agreement dated as of the 5th day of January, 1989 between Ross Resources Inc. and Aranda Properties Inc., the terms of which the Issuer has agreed to be bound by.
- (viii) Agreement dated as of the 10th day of January, 1989 between Winslow Gold Corp., Dakon Metals Inc. and Aranda Properties Inc., the terms of which the Issuer has agreed to be bound by.

Ericksen-Ashby Property Acquisition Agreements

- (i) Agreement made as of the 15th day of June, 1987, between the Issuer and Georgia Resources Inc. as amended by agreements dated March 11, 1988 and June 6, 1988.
- (ii) Agreement made as of the 15th day of June, 1987, as amended by agreements dated 16th day

of May, 1989, the 14th day of June, 1989 and the 1st day of November, 1989 between the Issuer and G. H. Rayner & Associates Limited.

Iskut River Property Acquisition Agreements

- (i) Agreement dated August 18, 1987 between the Issuer and Gerald N. Ross.

Iliad Property Acquisition Agreements

- (i) Agreement dated as of the 12th day of January, 1989 between the Issuer and Tony Erlank.
- (e) Agreements in relation to abandoned properties as more particularly described under the heading "Other Material Facts" as follows:

Rachel Property Acquisition Agreements

- (i) Agreement dated May 11, 1987 between the Issuer and Stewart W. Barclay;
- (ii) Agreement made as of the 18th day of June, 1987, between the Issuer and Golden Exodus Ventures Ltd., as amended by agreements dated October 1, 1987 and February 19, 1988.

Tulameen Property Acquisition Agreements

- (i) Agreement dated the 18th day of June, 1987 between the Issuer and New Jersey Zinc Exploration Company (Canada) Limited;
- (ii) Agreement dated as of the 19th day of June, 1987, between the Issuer and Darcy Brown.

All material contracts will be available for inspection at the Company's registered and records office, 1600 - 609 Granville Street, Vancouver, British Columbia during normal business hours during the period of distribution of the securities offered hereunder and for thirty days thereafter.

OTHER MATERIAL CONTRACTS

Rachel Property

Pursuant to an agreement between the Issuer and Stewart W. Barclay of Nelson, British Columbia, the Issuer acquired the sole and exclusive to purchase a 100% interest and to two located mining claims situated in the Nelson Mining Division in the Province of British Columbia subject to a 3% Net Smelter Return Royalty. The claims were subsequently abandoned. Total acquisition and exploration costs incurred by the Issuer on the Rachel Property were \$65,626. By agreement dated the 18th day of June, 1987 between the Issuer and ILM Resources Ltd. ("ILM"), the Issuer granted ILM an option to acquire 37.5% of the Issuer's interest in and to the Rachel Property. ILM paid the Issuer \$30,000 in consideration for the option less \$10,000 in legal fees, for a net payment of \$20,000. ILM has also abandoned its interest in this property.

Tulameen Property

Pursuant to an agreement between the Issuer and New Jersey Zinc Exploration Company (Canada) Limited ("New Jersey") the Issuer was granted the option to acquire a 100% interest in and to 6 mineral crown grants located in the Similkameen Mining Division in the Province of British Columbia. The Issuer paid New Jersey the sum of \$10,000 and expended \$3,584 on exploration of the property prior to abandonment. The Issuer also owned 2 located mineral claims in the Similkameen Mining

Division in the Province of British Columbia which were located by Darcy Brown of Priddis, Alberta on July 28, 1982 and purchased by the Issuer pursuant to an agreement dated as of the 19th day of June, 1987. The consideration was to be 50,000 shares of the Issuer, however, these 2 located mineral claims were abandoned by the Issuer and the agreement terminated prior to the issuance of the shares.

#### Investments

The Issuer purchased 942 shares of Putco Holdings (II) Ltd. for \$94,250 pursuant to an Agreement with First Exploration Fund 1987 and Company Limited Partnership ("the Partnership") whereby the Partnership provided \$325,000 for the Issuer's 1987 exploration programs in consideration for 433,334 flow-through shares of the Issuer, issued at a price of \$0.75 per share. The registered owner of the 433,334 shares is Equity Preservation Fund. These funds were expended on the Shawn Property, the Ericksen-Ashby Property, the Rachel Property and the Iskut River Property. Although the Putco shares may become subject to redemption on January 31, 1993, there is no assurance that Putco will have any assets available for the redemption of these shares.

The Issuer has purchased 66,667 shares of Gentry Resources Limited ("Gentry") for the sum of \$20,000. Gentry is a private company and is related to the Issuer by way of common shareholders. The shares are being held for the purpose of capital appreciation.

There are no other material facts not disclosed herein.

#### Promotional Services

The Issuer has not entered into any contracts, written or oral, for promotional or public relations services.

#### Inspection of Documents

All material contracts and engineering reports herein described may be inspected during normal business hours at the registered offices of the Issuer located at 1600 - 609 Granville Street, Vancouver, British Columbia until thirty (30) days following the distribution of the securities being offered under this Prospectus.

#### PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and time limits within which they must be exercised the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

NORTHWIND VENTURES LTD.  
FINANCIAL STATEMENTS  
JUNE 30, 1989

# Roberts & Company

Chartered Accountants



#102, 2411 - 4 Street N.W.  
Calgary, Alberta T2M 2Z8

Telephone (403) 282-8889  
Fax (403) 282-5880

## AUDITORS' REPORT

The Directors  
Northwind Ventures Ltd.

We have examined the balance sheets of Northwind Ventures Ltd. as at December 31, 1985, 1986, 1987, 1988 and June 30, 1989 and the statements of income and deficit and changes in cash resources for the four years ended December 31, 1988 and six months ended June 30, 1989. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1985, 1986, 1987, 1988 and June 30, 1989 and the results of its operations and changes in its financial position for the four years and six months then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

CALGARY, ALBERTA  
October 10, 1989

*Roberts & Company*  
CHARTERED ACCOUNTANTS

NORTHWIND VENTURES LTD.

BALANCE SHEET

ASSETS

	June 30		DECEMBER 31		
	1989	1988	1987	1986	1985
<b>CURRENT</b>					
Cash	\$ 22,124	\$ 42,525	\$ -	\$ -	\$ -
Accounts receivable	1,875	-	794	-	8,000
Share subscription receivable	-	-	39,059	-	-
Due from affiliates	-	25,000	-	-	-
Deposits and prepaids	7,500	2,500	10,841	-	-
	<u>31,499</u>	<u>70,025</u>	<u>50,694</u>	<u>-</u>	<u>8,000</u>
MINING PROPERTY (Note 3)	289,187	286,062	366,383	-	-
<b>INVESTMENTS</b>					
Portfolio investments (Note 4)	57,545	94,250	94,250	-	-
Investment in affiliate (Note 9)	20,000	-	-	-	-
	<u>\$ 398,231</u>	<u>\$ 450,337</u>	<u>\$ 511,327</u>	<u>\$ -</u>	<u>\$ 8,000</u>

LIABILITIES

<b>CURRENT</b>					
Bank overdraft	\$ -	\$ -	\$ 2,679	\$ -	\$ -
Accounts payable	17,287	16,754	77,689	-	-
Management fee payable (Note 8)	15,000	-	-	-	-
Due to shareholder	-	-	-	-	2,400
	<u>32,287</u>	<u>16,754</u>	<u>80,368</u>	<u>-</u>	<u>2,400</u>
DEFERRED INCOME TAXES	124,498	124,498	124,498	-	-
	<u>156,786</u>	<u>141,252</u>	<u>204,866</u>	<u>-</u>	<u>-</u>

SHAREHOLDERS' EQUITY

<b>CAPITAL STOCK (Note 6)</b>					
Authorized 25,000,000 common shares without nominal or par value					
Issued and allotted for issue 2,183,335 shares	458,002	458,002	367,604	5,600	5,600
DEFICIT	(216,556)	(148,917)	(61,143)	(5,600)	-
	<u>241,446</u>	<u>309,085</u>	<u>306,461</u>	<u>-</u>	<u>5,600</u>
	<u>\$ 398,231</u>	<u>\$ 450,337</u>	<u>\$ 511,327</u>	<u>\$ -</u>	<u>\$ 8,000</u>

SIGNED ON BEHALF OF THE BOARD:

Gerald N. Ross  
Director

Hugh G. Ross  
Director



NORTHWIND VENTURES LTD.  
STATEMENT OF INCOME AND DEFICIT

	June 30	YEAR ENDED DECEMBER 31			
	(6 months)	1988	1987	1986	1985
	1989				
REVENUE	\$ -	\$ 614	\$ -	\$ -	\$ -
EXPENSES					
Mineral claims abandoned	-	45,452	-	-	-
Audit and legal	4,017	24,250	19,155	5,600	-
Management fee	15,000	1,080	10,000	-	-
Office	1,457	8,722	8,826	-	-
Travel	4,660	-	3,329	-	-
Certificates and filing fees	800	8,244	6,276	-	-
Flow through shares commitment fee	-	-	6,000	-	-
Consulting fees	-	-	400	-	-
Stock transfer fees	-	640	1,557	-	-
	<u>25,934</u>	<u>88,388</u>	<u>55,543</u>	<u>5,600</u>	<u>-</u>
LOSS BEFORE EXTRAORDINARY ITEM	25,934	87,774	55,543	5,600	-
EXTRAORDINARY ITEM					
Write down of investment to estimated net realizable value	41,705	-	-	-	-
NET LOSS FOR THE PERIOD	67,639	87,774	55,543	5,600	-
DEFICIT AT BEGINNING OF PERIOD	148,917	61,143	5,600	-	-
DEFICIT AT END OF PERIOD	\$ <u>216,556</u>	\$ <u>148,917</u>	\$ <u>61,143</u>	\$ <u>5,600</u>	\$ <u>-</u>
LOSS PER SHARE BEFORE EXTRAORDINARY ITEM	<u>(.01)</u>	<u>(.04)</u>	<u>(.03)</u>		
NET LOSS PER SHARE	<u>(.03)</u>	<u>(.04)</u>	<u>(.03)</u>		

NORTHWIND VENTURES LTD.

STATEMENT OF CHANGES IN CASH RESOURCES

	June 30	YEAR ENDED DECEMBER 31			
	(6 months)	1988	1987	1986	1985
	<u>1989</u>				
<b>OPERATING ACTIVITIES</b>					
Cash applied to operations					
Loss before extraordinary item	\$ (25,934)	\$ (87,774)	\$ (55,543)	\$ (5,600)	-
Add item not affecting cash charged to operations					
Mineral claims abandoned	-	45,452	-	-	-
Change in non-cash working capital components related to operations	15,533	(12,741)	26,995	-	-
	<u>(10,401)</u>	<u>(55,063)</u>	<u>(28,548)</u>	<u>(5,600)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>					
Sale of interest in mining property	5,000	120,000	-	-	-
Loan from shareholder	-	-	-	(2,400)	2,400
Share subscriptions	-	129,457	447,443	-	5,600
	<u>5,000</u>	<u>249,457</u>	<u>447,443</u>	<u>(2,400)</u>	<u>8,000</u>
<b>INVESTING ACTIVITIES</b>					
Deposits	(5,000)				
Advances to affiliates	25,000	(25,000)	-	-	-
Mining property	(10,000)	(124,190)	(327,324)	-	-
Investments (Note 4)	(25,000)	-	(94,250)	-	-
	<u>(15,000)</u>	<u>(149,190)</u>	<u>(421,574)</u>	<u>-</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>	(20,401)	45,204	(2,679)	(8,000)	8,000
<b>CASH AT BEGINNING OF PERIOD</b>	<u>42,525</u>	<u>2,679</u>	<u>-</u>	<u>8,000</u>	<u>-</u>
<b>CASH AT END OF PERIOD</b>	<u>\$ 22,124</u>	<u>\$ 42,525</u>	<u>\$ (2,679)</u>	<u>\$ -</u>	<u>\$ 8,000</u>

NORTHWIND VENTURES LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1989

1. ACCOUNTING POLICIES

The company is a public junior mining company, engaged in the acquisition and exploration of mining property in the Province of British Columbia. These financial statements are prepared in accordance with generally accepted accounting principles. The more significant accounting policies are as follows:

Mining Property

Mineral exploration and mine development costs are capitalized. When production commences these expenditures will be amortized over the life of the estimated ore reserves on the unit of production basis. If a project is abandoned or considered to be of no further interest to the Corporation, the related expenditures are charged to income. The costs deferred at any time do not necessarily reflect present or future values.

Investments

Investments are stated at cost, unless a permanent decline in value has been determined, then investments are carried at market value.

2. INCORPORATION

The company was incorporated as 297707 B.C. Ltd., under the laws of British Columbia on September 13, 1985. The name was changed to Northwind Ventures Ltd. on January 7, 1986.

3. MINING PROPERTY

The company has acquired interest in various mining properties by making payments as follows:

	<u>Purchase and Option Payments</u>	<u>Exploration Costs</u>	<u>Total</u>
Lance Property	\$ 5,000	\$ 4,000	\$ 9,000
Iskue River Property	4,001	2,609	6,610
Tulameen Area B.C.	10,000	3,584	13,584
Shawn Property	53,000	151,851	204,851
Erickson-Ashby	30,000	126,311	156,311
Other	-	5,706	5,706
	<u>\$ 102,001</u>	<u>\$ 294,061</u>	<u>396,062</u>
Less recovery of costs from sale of 37 1/2% interest in Nelson Mining Division B.C.			<u>106,875</u>
			<u>\$ 289,187</u>

NORTHWIND VENTURES LTD.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1989

4. PORTFOLIO INVESTMENTS

- (a) The company has purchased 942 shares of Putco Holdings (II) Ltd. for \$94,250 pursuant to its agreement with First Exploration Fund 1987 and Company Limited Partnership whereby the Partnership provided \$325,000 for the company's 1987 exploration program for 433,334 flow-through shares. This investment has been written down to the estimated net realizable value of \$52,545.
- (b) The company holds 50,000 shares of Golden Exodus Ventures Ltd. carried at cost of \$5,000. These shares have a present market value of \$2,500.

5. COMMITMENTS

In order to acquire working interest pursuant to the terms of option agreements the Company is required to make cash payments, fulfill work commitments and issue common shares as follows:

	<u>Cash Payments</u>	<u>Work Commitments</u>	<u>Common shares</u>
1989	\$ 70,000	\$ -	244,722
1990	35,625	50,000	212,500
1991	35,000	50,000	25,000
1992	40,000	400,000	-
1992	40,000	-	-
1994	45,000	-	-
1995	50,000	-	-
1996	50,000	-	-

6. CAPITAL STOCK

Capital stock has been issued as follows:

	<u>1988</u>	<u>1987</u>	<u>1985</u>
Issued			
1,750,001 shares for cash	\$ 257,500	\$ 222,241	\$ 5,600
433,334 flow-through shares for cash, net of deferred income taxes	200,502	145,363	-
<u>2,183,335</u>	<u>\$ 458,002</u>	<u>\$ 367,604</u>	<u>\$ 5,600</u>

NORTHWIND VENTURES LTD.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1989

6. CAPITAL STOCK (continued)

Of the 2,183,335 shares issued, 750,000 were issued at \$0.01 for proceeds of \$7,500. These shares to be held in escrow and subject to the direction or determination of the Superintendent of Brokers of the Vancouver Stock Exchange.

Additional shares are to be issued pursuant to agreement as disclosed in Note 5. These share issue commitments are dependant upon the company becoming listed on a stock exchange.

7. SHARE OPTIONS

The company as granted stock options to its directors and employees totalling 288,000 shares at \$0.45 per share to be exercised within 5 years of the company's proposed public issue of shares.

8. MANAGEMENT REMUNERATION

The company has a management contract with an affiliated company, Ross Resources Inc., whereby Ross Resources Inc. is to provide management and office facilities for consideration of \$30,000 per annum. This fee was waived by Ross Resources Inc. in 1988. A fee of \$10,000 was paid in 1987.

9. RELATED PARTY TRANSACTIONS

- (a) The company has invested \$20,000 in shares of Gentry Resources Ltd. a private company affiliated by way of common shareholders.
- (b) The company has received management services from a company affiliated by way of common shareholders for consideration as disclosed in Note 8.

10. LOSSES CARRIED FORWARD

The company has available losses which may be carried forward to apply against future taxable income as follows:

Available to 1993	\$ 5,600
Available to 1994	55,038
Available to 1995	<u>42,322</u>
Total	<u>\$ 102,960</u>

NORTHWIND VENTURES LTD.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1989

11. SEGMENTED INFORMATION

The company is engaged exclusively in mining exploration and development activities in Canada.

12. PROPOSED SHARE ISSUE

The company is proposing to issue an additional 800,000 common shares for net proceeds of \$320,000.

13. RESTATEMENT OF PRIOR YEARS' FIGURES

The previous year's figures have been restated to reflect deferred income taxes on the issuance of flow-through shares and to reclassify \$20,000 recovered on claims abandoned, from mining property costs to mineral claims abandoned expense.

Shawn Property

GEOLOGICAL and GEOPHYSICAL EVALUATION  
of the  
**SHAWN PROPERTY**  
Nelson Mining Division  
NTS 82-F/3, 82-F/6  
Latitude 49°14'30" North  
Longitude 117°02'00" West  
British Columbia

December 14, 1988  
(revised October 12, 1989)

on behalf of  
**GOLDEN EXODUS VENTURES LTD.**  
Vancouver, B.C.  
- and -  
**NORTHWIND VENTURES LTD.**  
Calgary, Alberta

by  
T. Bojczyszyn, P.Geol.  
**TAIGA CONSULTANTS LTD.**  
#400, 534 - 17th Avenue S.W.  
Calgary, Alberta T2S 0B1

### SUMMARY

The Shawn property is located in the southern Kootenay area of British Columbia, approximately 16 km northeast of Salmo. The property comprises 20 contiguous two-post claims and two 15-unit modified grid claims.

The property is underlain by a narrow belt of Cambrian metasediments. South of the property, 7 km along strike, this belt hosts gold deposits of the Sheep Creek Camp. Seven major precious metal mines, a few minor producers, and numerous prospects are located in this district. Total production (1900 to 1974) from the major producers was 22,799,845 grams gold and 8,092,749 grams silver from 1,578,654 tonnes of ore.

Exploration of the property by Northwind Ventures commenced in August 1987. These investigations consisted of grid emplacement, magnetic and VLF-EM surveys, multi-element soil geochemistry, prospecting, and geological mapping. In January 1987, five diamond drill holes totalling 504 m were completed; the old adit was cleaned, mapped, and sampled; and one 'cat' trench was excavated.

Drilling was targeted on the Main Showing area of the property, adjacent to the old adit. Here, six quartz ( $\pm$  carbonate) veins have been discovered. None are fully exposed, and hence vein extent and orientations are not known. The limited exposure obtained in hand trenches is in the order of 5 to 60 cm wide. Two veins strike northwest to west-northwest, and four strike northeast. Grab sample assays varied from 2 ppb Au to the 'best' three results of 1.15, 1.176, and 3.56 oz/ton Au; the latter three results being from a 10 to 40 cm thick, northeast trending vein, just east of the adit. This latter vein (or silicified fracture) was the target of drill holes 87-2 and 87-3. Gold mineralization in core was revealed to be of similar grade (up to 1.0 oz/ton Au) and of greater core lengths than that documented by surface examinations reported by Netolitzky (July 1987) and Adams (December 1987 and February 1988).

Geological mapping within the old adit indicates that previous workers crossed the contact between Reeves limestone and a small granite/granodiorite



body. Rock chip sampling returned a single anomalous interval of 1120 ppb Au over 1.4 metres in altered granodiorite adjacent to this contact.

An attempt was made to expose the subcrop of a hypothesized northwest trending fault north of the adit at the junction of the carbonate unit with the granodiorite intrusion. However, no bedrock was encountered at a depth of 5.5 metres, the trench was back-filled and abandoned.

As a result of the drill program, gold mineralization was found not to be confined to the Reno formation quartzites as had been assumed by earlier workers. The strongest Au mineralization appears to have a strong affinity for granodiorite adjacent to and beneath the metamorphosed argillaceous quartzite. This is in marked contrast to the Sheep Creek Camp where the best vein-type mineralization occurs in the quartzites well above the intrusive mass (Mathews, 1953).

A Phase III field program consisting of secant-corrected grid establishment, soil geochemical sampling, VLF-EM/magnetometer surveying, detailed geological mapping, and prospecting was completed in the fall of 1988.

A portion of the original magnetic survey was re-run to improve the resolution. A re-evaluation of the VLF-EM, soil geochemistry, and magnetic data suggests the presence of a sinistral northwest trending fault located south of the adit. Skarn and dolomite are found both east and west of previous drilling which intersected gold mineralization in granodiorite. The coincidence of a skarn close to faults indicates a favourable deposition site for gold.

Based on the 1988 exploration results, a Phase IV program of back-hoe trenching and road building in preparation of drilling south of the adit to test the northwest fault is recommended. Follow-up of Phase III gold-in-soil geochemical anomalies, re-logging of the drill core, and new diamond drilling are proposed. The cost of this phase is estimated at \$180,000.

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## INTRODUCTION

At the request of Mr. Hugh Ross, secretary of Northwind Ventures Ltd. of Calgary, Taiga Consultants Ltd. undertook a geological and geophysical evaluation of the Shawn property in British Columbia. Golden Exodus Ventures Ltd., a joint-venture participant, is able to earn a 37.5% interest in the property by contributing a total of \$100,000 in exploration expenditures.

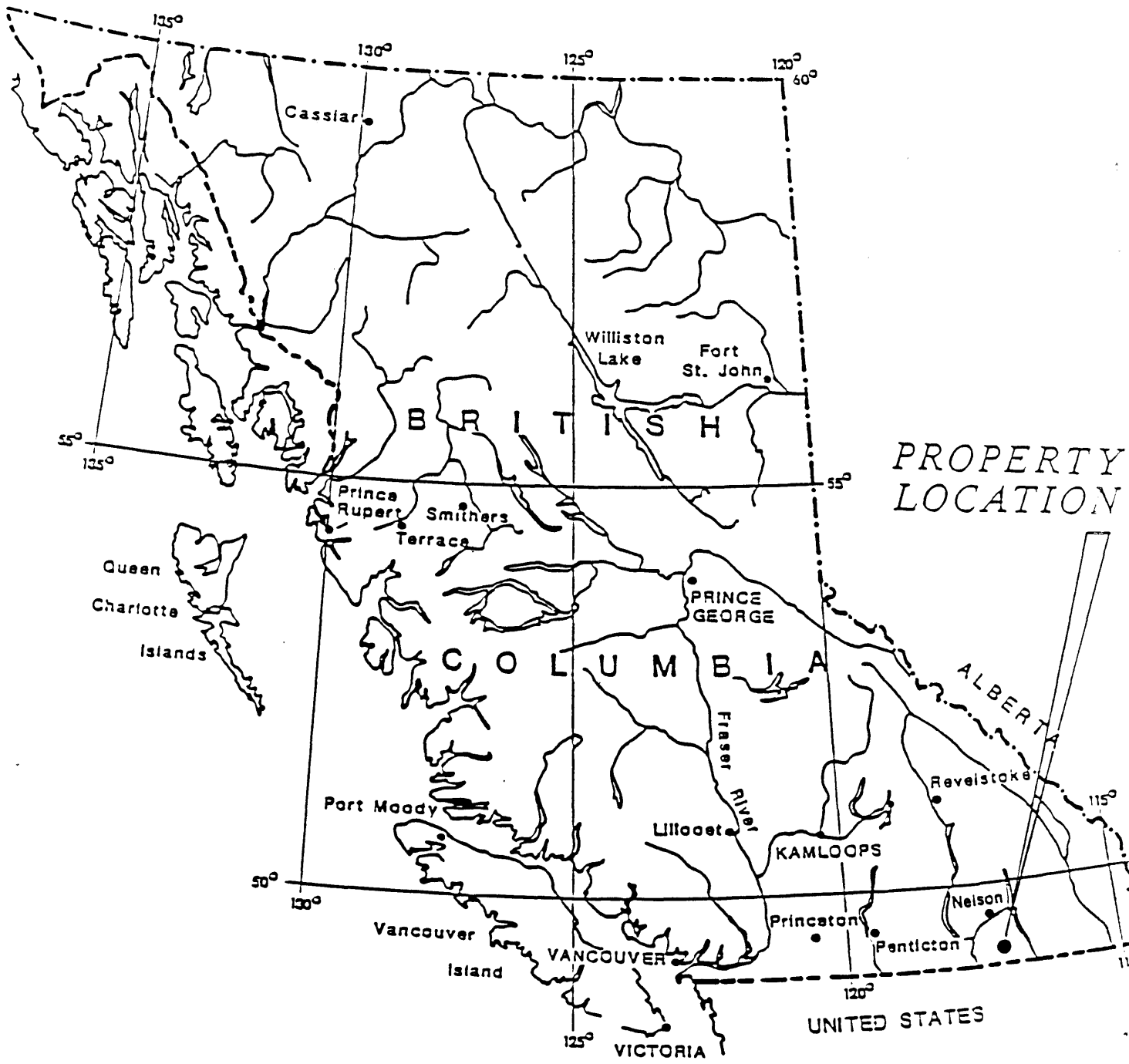
The geology of the area is described and the history of the mining exploration of the region is summarized. Results of the exploration work carried out on the Shawn property during the period October 1986 to October 1988 are reviewed. The Phase III program consisted of secant corrections to the grid over the Main Showing area and extension of the grid to the south and east property boundaries.

A flagged reconnaissance grid (Grid 'A') was established south of the property. Work on both the extension grid and Grid 'A' consisted of soil geochemical sampling, VLF-EM/magnetometer surveying, prospecting, and geological mapping. Prospecting was also conducted outside of the grid areas.

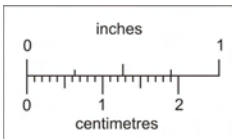
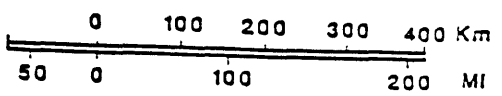
### Location and Access

The Shawn property (Figures 1 and 2) is located in the Nelson Range, approximately 16 km northeast of Salmo and 30 km southeast of Nelson, British Columbia. The property straddles the Salmo (NTS 82-F/3) and Nelson (NTS 82-F/6) map sheets and is centered about 49°14'30" North latitude and 117°02' West longitude.

Access to the property can be gained by travelling 8 km north from Salmo on Highway 6 then 12.8 km east along the Porcupine Creek logging road. From this point, which is the northwest corner of the property, a logging trail runs south and up into the central portion of the property. The trail is passable to four-wheel-drive vehicles up to a slide area approximately 0.5 km west of an old adit (circa 1930?), which constitutes the Main Showing area.

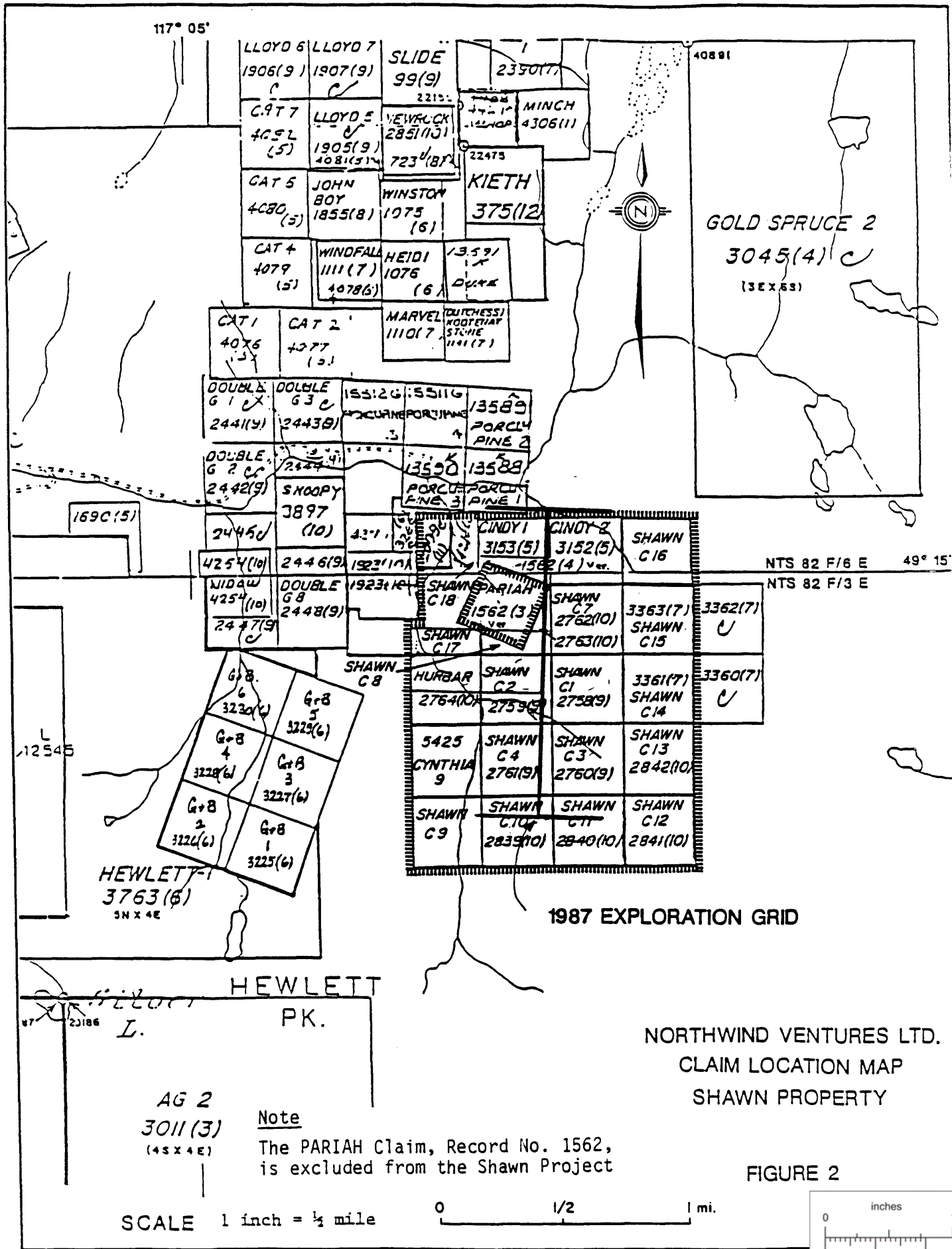


SHAWN PROPERTY  
 NELSON M.D.  
 82 F/3, 82 F/6



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

FIGURE 1  
 GENERAL LOCATION MAP



Access to the southern part of the property can be gained by travelling 5 km north from Salmo on Highway 6, then 17 km east along the Hidden Creek logging road. At the time of grid emplacement, road construction was underway 1.5 km south of the Main Showing area.

Use of the Hidden Creek logging road requires both written permission from the Darkwood logging company and radio monitoring of their logging frequency. Although logging was not underway at the time, radio communication is recommended for the Porcupine logging road as Kootenay Stone is currently hauling quartzite from a quarry north of the Shawn property.

### Property Status

The property consists of 20 two-post claims in the Nelson Mining Division, as illustrated on Figure 2. Relevant claim data are summarized in Table 1, overpage. The claims were purchased by Wallace Nesbitt on September 15, 1986 from Stuart and Eleanor Barclay of Nelson, and are subject to an agreement between these parties. A transfer of title to Northwind Ventures Ltd. is pending. Golden Exodus Ventures Ltd. can earn up to a 37.5% interest in the property by financing the 1988 proposed exploration expenditures of \$100,000.

The Shawn C6 claim was restaked in 1988 as the Cynthia 9 two-post claim by Taiga Consultants Ltd.

TABLE 1 - Claims Data

<u>Claim Name</u>	<u>No. of Units</u>	<u>Approx Area</u>	<u>Record Number</u>	<u>Date of Record</u>	<u>Next Anniversary Date</u>	
Shawn C1		51.65	2758	Sep.07/82	Sep.07/96	
Shawn C2		51.65	2759	Sep.07/82	Sep.07/96	
Shawn C3		51.65	2760	Sep.07/82	Sep.07/96	
Shawn C4		51.65	2761	Sep.07/82	Sep.07/96	
Shawn C7		51.65	2762	Oct.01/82	Oct.01/96	
Shawn C8		51.65	2763	Oct.01/82	Oct.01/96	
Hurbar		51.65	2764	Oct.06/82	Oct.06/98	
Cindy 1		51.65	3152	May 25/83	May 25/98	
Cindy 2		51.65	3153	May 25/83	May 25/98	
Shawn 9		51.65	4444	Oct.07/86	Oct.07/96	
Shawn 10		51.65	4445	Oct.07/86	Oct.07/96	
Shawn 11		51.65	4446	Oct.07/86	Oct.07/96	
Shawn 12		51.65	4447	Oct.07/86	Oct.07/96	
Shawn 13		51.65	4448	Oct.07/86	Oct.07/96	
Shawn 14		51.65	4449	Oct.07/86	Oct.07/96	
Shawn 15		51.65	4450	Oct.07/86	Oct.07/96	
Shawn 16		51.65	4457	Oct.21/86	Oct.21/96	
Shawn 17		51.65	4458	Oct.21/86	Oct.21/96	
Shawn 18		51.65	4459	Oct.21/86	Oct.21/96	
Cynthia 9 *		51.65	5425	Oct.27/88	Oct.27/89	T.Bojczyszyn
		<u>1,033.00</u>	acres			
		Less <u>45.00</u>	pre-existing internal claim (Pariah, Rec.1561)			
		<b>Net Acreage</b>	<b>988.00 acres</b>	<b>(399.84 hectares)</b>		

\* transfers to Northwind Ventures Ltd. are pending

### Physiography

The property lies within the Nelson or Quartzite Range in the southern part of the Selkirk Mountain system. Elevations within the area vary from 4000' to 7382' (Hewlett Peak).

Alpine glaciation has produced precipitous cirques and arêtes above the 6000' level. Glacial drift is thick on valley floors (with very sparse, locally exposed bedrock), and is thin and sporadic at higher elevations.

The property is moderately treed with mature Douglas fir which has been logged north and west of the Main Showing area. Portions of the area south of the Main Showing will probably be logged this winter. Underbrush is sparse at the higher elevations and moderate at lower elevations.

### PREVIOUS WORK AND MINERAL DEPOSITS

The reader is referred to "Diamond Drilling Report on the Shawn Property" (D. H. Adams, 1988) and to "Geological Evaluation of the Shawn Property" (J. R. Allan, 1988). These reports detail the diamond drilling results, review the exploration history, and discuss the Sheep Creek gold camp.



### REGIONAL GEOLOGY

The Shawn Property is underlain by a northerly trending belt of Proterozoic to Middle Cambrian metasedimentary rocks (see Table 2). The Quartzite Range Formation is fine-grained and thinly bedded west of the property, as compared to the east where cross-bedding is abundant. Thickness varies from 1500' to 4500' in the east where white quartzite and light brown micaceous quartzite are distinct markers.

The Quartzite Range Formation is overlain by the Reno Formation which represents a transition from clean clastic sediments through argillaceous to calcareous rocks of the basal part of the overlying formation. This transition is also expressed as a facies change to the west. Thickness varies from 130' to 1100'. Local thinning occurs as flowage on limbs of tight folds.

The Reno Formation is succeeded by the Laib Formation. The basal limestone (equivalent to the Reeves Member) which locally contains some dolomite and interbedded schist, is 30' to 188' thick, and is taken to mark the Reno/Laib contact (Little, Map 1145A). Archaeocyathids of late Lower Cambrian age are common in the Reeves Member of the Laib Formation. The Laib Formation, which is in excess of 3000' thick, is dominantly argillaceous although it does contain abundant arenaceous and calcareous rock.

The Nelway Formation overlies the Laib; the contact is gradational and is placed at the horizon above which the assemblage is dominantly calcareous. It is probably 4500' to 5000' thick. No diagnostic fossils have been found in the Nelway Formation.

An assemblage east of Hewlett Peak consists of a folded and faulted complex in which the Quartzite Range Formation, the Reno Formation, and the Laib Formation members have been recognized by previous workers.

-----

TABLE 2 - Table of Formations

## TERTIARY

CRETACEOUS	8	lamprophyre dykes		
	7	Nelson plutonic rocks	7e	aplite, pegmatite
			7d	granite
			7c	quartz diorite
			7b	granodiorite with mafic-rich and/or lamprophyre inclusions
			7a	granodiorite
	HP	Hewlett Peak		fold and fault complex - contains Units 2, 3, 4, 5
MIDDLE CAMBRIAN	6	Nelway Formation	6d	dark grey limestone
			6c	graphitic argillite
			6b	siliceous argillite
			6a	schist
LOWER CAMBRIAN	5	Laib Formation	5c	Emerald Member - phyllite, argillite
			5b	micaceous quartzite
			5a	schist
	4	Reeves Member (Laib Formation)	4c	skarn
			4b	dolomite
			4a	limestone
	3	Reno Formation	3c	argillaceous quartzite
			3b	argillite
			3a	micaceous schist
	2	Quartzite Range Formation	2c	quartzite
			2b	argillaceous, micaceous quartzite
			2a	schist
PRECAMBRIAN	1	Three Sisters Formation	1b	green and grey grit and quartzite
			1a	conglomerate

-----

Bodies of Nelson plutonic rocks are satellites of the Nelson batholith, and for the most part exhibit cross-cutting relationships, chilled margins, dilation, and other intrusive phenomena. Most of these bodies are white, coarse- to medium-grained granite, but also include porphyritic granite, granodiorite, and quartz diorite.

Dykes of lamprophyre, aplite, and pegmatite occur throughout the area.

A small granitic stock and several southeast trending faults have interrupted this metasedimentary belt between the property and the Sheep Creek Camp. The formations dip steeply and are repeated by faulting and folding.

Bedrock exposures are generally poor except for on the steeper slopes and within the main drainage. However, bedrock coverage can be increased through systematic stripping of thin overburden and vegetative cover.

### PROPERTY GEOLOGY

The Shawn Property lies in a northerly trending belt of metasedimentary rocks (see Map 1). A small granite stock within a large block of undifferentiated Middle Cambrian metasediments separates this part of the belt from the Sheep Creek Gold Camp 7 km to the south (Netolitzky, 1987).

The formations strike north to northeast on the property and are vertical to steeply east and west dipping. The Quartzite Range Formation hosts most of the auriferous quartz veins in the Sheep Creek Camp. Outcrops of it (a fairly pure, medium to massive bedded quartzite with minor sericitic partings) were found along Porcupine Creek immediately north of the northwest corner of the property.

Outcrops of a somewhat more argillaceous (sericitic) quartzite with a more medium to thin-bedded nature and minor argillite bands occur on cliffs and in road cuts on the west side of the property. This interval equates to the slightly younger Reno Formation (see Table 2) which is also a host rock in parts of the Sheep Creek Camp. On the west side of the property, both it and the Quartzite Range quartzites exhibit considerable quartz veining along bedding planes but no sulphides or iron staining were noted in the outcrops examined. Minor folding, with fold axes paralleling the bedding, can be seen in the Reno quartzites along the road cut of the trail running into the property.

The Reno Formation is succeeded eastward by the Laib Formation. Outcrops of a fairly pure, laminated lime-mudstone, believed to represent the Reeves Member of the Laib, are exposed as a narrow outcrop (5 to 12 m wide) running north-northeast. Tight folds subparallel to bedding and with calspar/dol spar veining were observed in parts of the limestone outcrops.

Limestone is succeeded by quartzitic phyllites and micaceous quartzites which probably represent the Emerald and Laib Phyllite members of the Laib Formation. Minor conformable quartz veins along bedding and small folds subparallel to bedding occur in this unit but bear no indications of mineraliza-

tion. However, large boulders of white 'bull' quartz with phyllite remnants were found in a recessive area between outcrops of the phyllite and the next lithology to the east of it in the central portion of the property. The regional map indicates this contact as an assumed fault (the Laib Creek Fault) which may well explain the coarse veining in this area.

A thick interval of dark grey limestone, with minor calcareous argillites, graphitic argillite, and siliceous argillite, occurs in outcrop immediately east of the Laib Formation. This interval, here assumed to be the Nelway Formation and next youngest to the Laib (see Table 2), is quite deformed by folding over much of its extent. Thin to medium width (2 to 10 cm) quartz veins, often leached with a 'rotten' appearance, are found within the folded sequences conformable to bedding and along fold axes.

A lamprophyre intrusion of about 25 m width was mapped within this limestone in a road cut towards the north end of the property. Significant veining plus sericitic partings and folding were observed adjacent to the intrusion. A 150 m interval of phyllite to sericitic quartzite with numerous *en echelon* quartz veins in tight folds was noted 50 m west of the intrusion in the limestones.

The Nelway Formation is succeeded eastward by a thick argillite to quartzitic argillite, followed by a carbonate unit and then a thicker slightly argillaceous quartzite interval which extends to the eastern edge of the grid in the southern half of the property. From the regional geology map, it can be seen that this is simply a reversed sequence to that of the western edge of the grid with the units equating to undifferentiated Laib Formation followed by the Reeves Member limestone and Reno Formation quartzites.

This repetition of sequence, although cut by the Laib Creek Fault, is part of the Laib Syncline which (along with a similar fault) makes up the eastern flank of the Sheep Creek Camp's structural pattern. Of note on the property geology map is the variance in descriptions for the same formations on the opposite sides of the property. The eastern equivalents of the Laib Formation, Reeves Member, and Reno Formation do not have the same degree of deformation

and schistosity as observed on the west side of the property. Exceptions to this were noted in the vicinity of intrusions with granitization and gneissic development in the quartzites.

Mapping and interpretation of the Laib, Reeves, and Reno formations in the adit area suggests that tight folding consisting of an anticline/syncline pair may exist in the vicinity of the eastern Reeves member. On the regional picture, only one syncline (Laib syncline) is shown.

A number of old workings, including a 43 m long adit and several hand-dug trenches, are located in the vicinity of the Reeves Member. This contact of the carbonates with the older Reno Formation quartzites is largely obscured by granodiorite intrusions and overburden, although it appears to be gradational from dolomitic quartzites to slightly argillaceous quartzites.

A left-lateral fault, trending approximately 320°, offsets the Nelway Formation roughly 150 m south of the adit.

A number of quartz veins, including several which cross-cut the stratigraphy at 320° and at 040°-050° and carrying minor sulphides along with gold values, occur within the Reno quartzites on the eastern side of the property.

The slightly argillaceous quartzites of the Reno Formation grade eastward into purer quartzites of the Quartzite Range Formation. The strike of the bedding in the Reno Formation displays a moderate swing from northeast to east-northeast on the ridge at mid-property. An even more dramatic strike deviation was observed in the quartzites exposed along the creek near the adit to those above them on the ridge in the southeast corner of the grid. This phenomenon may be related to deformation by granitic intrusions in a similar fashion to that imposed by granitic stocks to the south and west of the Shawn Property.

### STRUCTURAL GEOLOGY

The Porcupine Fault probably represents a thrust fault which formed during isoclinal folding (i.e., Laib Creek Syncline) and was subsequently folded prior to emplacement of the Nelson plutonic rocks (Little, Map 1144A).

The Black Bluff Fault appears sharply folded and may be the same as the Porcupine Fault. The former forms the southwestern boundary of a complicated folded fault complex in the upper Hidden Creek Valley (Hewlett Peak Complex). This complex may have formed by north-south compression.

East-west faults offset early thrust faults in Ymir map-sheet and may be younger than the granitic bodies. The north-trending Baldy and Laib Creek faults are not cut by east-west faults. This suggests that these are late faults (Little, Map 1144A).

Mapping in the Sheep Creek Camp by Mathews suggests that northeasterly trending faults (vein fractures) and northwesterly trending faults are, at least in part, conjugate shears. East-west compressional forces would produce east-west crustal shortening and extension in a north-south direction.

These faults cut major flexures and drag-folds, and hence developed after folding was essentially complete. At the Reno Mine, it appears that metamorphism post-dates folding with late northeast trending vein fractures. Quartz was introduced into vein fractures and was followed by the intrusion of northerly trending quartz-porphyry sills and post-vein lamprophyre dykes indicating the former east-west compressional forces had relaxed. Flat-lying faults also developed during this period. Normal faulting followed the intrusion of the lamprophyre dykes.

On the Shawn property, soil geochemistry, VLF-EM readings, and magnetometer data define a northwest trending sinistral fault south of the adit. Geological mapping in the vicinity of the adit, using the Reeves Member as a marker, suggests tight isoclinal folding east of this member. Late northeast trending structures are seen on the Main Grid as lineaments which may corres-

pond to copper mineralization and on Grid 'A' where this same trending structure is occupied by sheared altered granodiorite accompanied by lead/zinc mineralization in limestones. Lamprophyre dykes, usually trending north, are often found associated with lead/zinc, copper, and gold mineralization. This northeast trend was observed in the Hewlett Peak Complex, where tight isoclinal folding has produced a break accompanied by silicification and sulphide mineralization.



### ORE CONTROLS AND MINERALIZATION

The following important controls exist in the Sheep Creek Gold Camp and may have important implications on the Shawn Property:

1. conjugate northwest and northeast fractures or shears allow quartz veins to develop (only the northeast fractures are mineralized);
2. competent quartzites or recrystallized andalusite schist are type host rock;
3. brittle deformation along fracture zones results in periodic large dilatant zones along vein structures;
4. there is a southward plunging envelope of mineralization.

Vein materials were introduced in four stages (Mathews, 1953):

1. quartz, pyrite
2. pyrrhotite, sphalerite, chalcopyrite
3. galena, silver
4. gold

There appears to be metal zonation on the Shawn Property. Pyrrhotite fractured granodiorite and zinc/silver anomalies occur west of the adit, gold/lead anomalies occur over the adit area, and zinc/silver anomalies begin to appear east of the adit on the south extension. Along with this zonation, quartzite becomes more strongly metamorphosed to the south.

### PHASE III EXPLORATION PROGRAM - 1988

Work conducted on the Shawn Property in 1988 consisted of secant correction of the grid over the Main Showing area and grid extension to the south and east property boundaries. A flagged reconnaissance grid (Grid 'A') was established south of the property. Work on both grids consisted of soil geochemical sampling, VLF-EM/magnetometer surveying, prospecting, and geological mapping. Prospecting was also conducted outside of the grid areas.

#### Soil Geochemical Sampling (c.f. Figure 5)

A total of 382 (Main Showing Extension) and 317 (Grid 'A') soil samples (B-horizon) were collected at 25 m intervals over the grids. Samples were air-dried and submitted to TerraMin Research Labs Ltd. in Calgary, Alberta, for gold/silver/lead/zinc/copper analyses.

#### VLF-EM Survey

VLF-EM surveys were completed over the Main Showing Extension and Grid 'A' covering 11 line km and 8 line km respectively. A Geonics EM-16 unit was used, employing the Seattle, Washington transmitting station (18.6 KHz).

#### Magnetometer Survey

Magnetometer surveys were completed over the Main Showing Extension (20 line km) and Grid 'A' (11 line km). Total-field magnetic readings were acquired with a Scintrex MP-2 magnetometer at 12.5 m intervals along the grid lines. The sensor head was mounted on a 2.5 m staff. A GeoMetrics G826A base station and a Hewlett-Packard recorder were used to correct the data for diurnal variations.

#### Geological Mapping

Detailed mapping was undertaken over the Main Showing and Grid 'A' at a scale of 1:2500.

#### Prospecting

Detailed prospecting was completed over the entire property area with particular attention given to investigating soil geochemical anomalies delineated by previous exploration programs.

## RESULTS OF PROSPECTING, SOIL GEOCHEMISTRY, AND GEOPHYSICS

### Main Grid

Additional work consisting of prospecting and soil geochemical sampling was completed over the Main Grid and grid extension to the south and east. Previous grab samples collected from old trenches located northeast of the adit yielded excellent values of up to 28,000 ppb Au. However, gold soil anomalies were attributed to downslope dispersion from spotty vein mineralization in quartzite.

Follow-up work on gold-in-soil geochemistry maps resulted in the discovery of five new occurrences containing from 278 to 19,800 ppb gold, the latter located north of the adit. Anomalous gold-in-rock values from the grid extension varied from 112 to 1,920 ppb.

Sample HRO-18 (19,800 ppb Au), located at L.11+50S,1+00E occurs in quartzite close to the contact with granodiorite. The sample occurs adjacent to strong gold-in-soil anomalies, and this area requires further prospecting and/or trenching.

Sampling from an old trench adjacent to a major northwesterly trending fault at BL/18+00S yielded 55,400 ppb Au in a quartz vein over 0.20 m. Rock sampling 150 m southeast on this fault yielded values of up to 1,920 ppb Au in quartzite.

Prospecting in the vicinity of L.20+00S,1+20E resulted in the discovery of frost-heaved siliceous granodiorite float containing 422 ppb Au within a south-southeast trending gold-in-soil anomaly. This trend was extended further south with subsequent soil sampling. This prominent anomaly occurs between L.16+50S and L.25+00S for a distance of 850 m. Further prospecting and trenching are required on the southern portion of this trend.

The major northwest trending fault is distinguished by a sharp break in magnetic contours. Continuous zinc/silver soil anomalies (greater than 200 ppm

and 0.5 ppm respectively) and VLF-EM conductors on the west side of the Main Grid are offset to the east. Most VLF-EM conductors are attributable to graphitic sediments in the Nelway Formation.

Silver and zinc soil anomalies also occur on the grid extension, and appear to terminate against the fault although there appears to be some down-slope component. The silver anomalies coincide with the southeast portion of the south-southeast gold trend. Zinc anomalies are in part coincidental with silver anomalies in this area. Lead anomalies (greater than 75 ppm) are generally coincidental with the gold trend but also show downslope dispersion. Copper values greater than 30 ppm coincide with gold and silver values along the south-southeast gold trend.

A major northeast trending conductor occurs within quartzite and granodiorite for a distance of 1200 m. This conductor, in part, has a corresponding magnetic signature. There are three 40 ppb spot gold-in-soil anomalies associated with this conductor. These anomalies require further prospecting and/or trenching.

Grid 'A' (south of Shawn Property on FG 1 claim)

Prospecting and mapping results on Grid 'A' were very encouraging from the standpoint of abundance of sulphides, more than anywhere within the study area. A grab sample (MRO-28) of limestone, with massive very fine-grained galena and sphalerite in association with the adjacent altered sheared granodiorite, analyzed 6.1% lead, 8.2% zinc, and 38 ppb gold. A grab sample (MRO-30) from a nearby fine-grained altered granodiorite analyzed 4600 ppm lead and 1300 ppm zinc. A possible continuation of this trend (500 m to the northeast) is reflected in sample MRO-49 which analyzed 2.8% zinc. This area contains a >300 ppm zinc soil geochemical anomaly.

Three soil anomalies (106, 96, 94 ppb Au) occur within the grid. When combined with copper and lead anomalies, they define a subtle northeast trend

which cuts across the entire grid, corresponding also to a similarly trending magnetic low.

Numerous short, northwest and northeast, weak to moderate conductors occur on the grid. A moderate northeast conductor occurs 100 m to the north of a lead/zinc mineralized shear. Both have similar trends. A strong north-northeast conductor on the baseline requires further surveying on east-west lines to determine its orientation and length. The northwest conductors have similar orientations to a creek where outcrop exposure contains 1-2% pyrite.

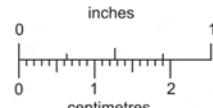
Magnetic highs appear to be associated with fractured granodiorite containing 1-2% pyrrhotite.

#### Regional Work

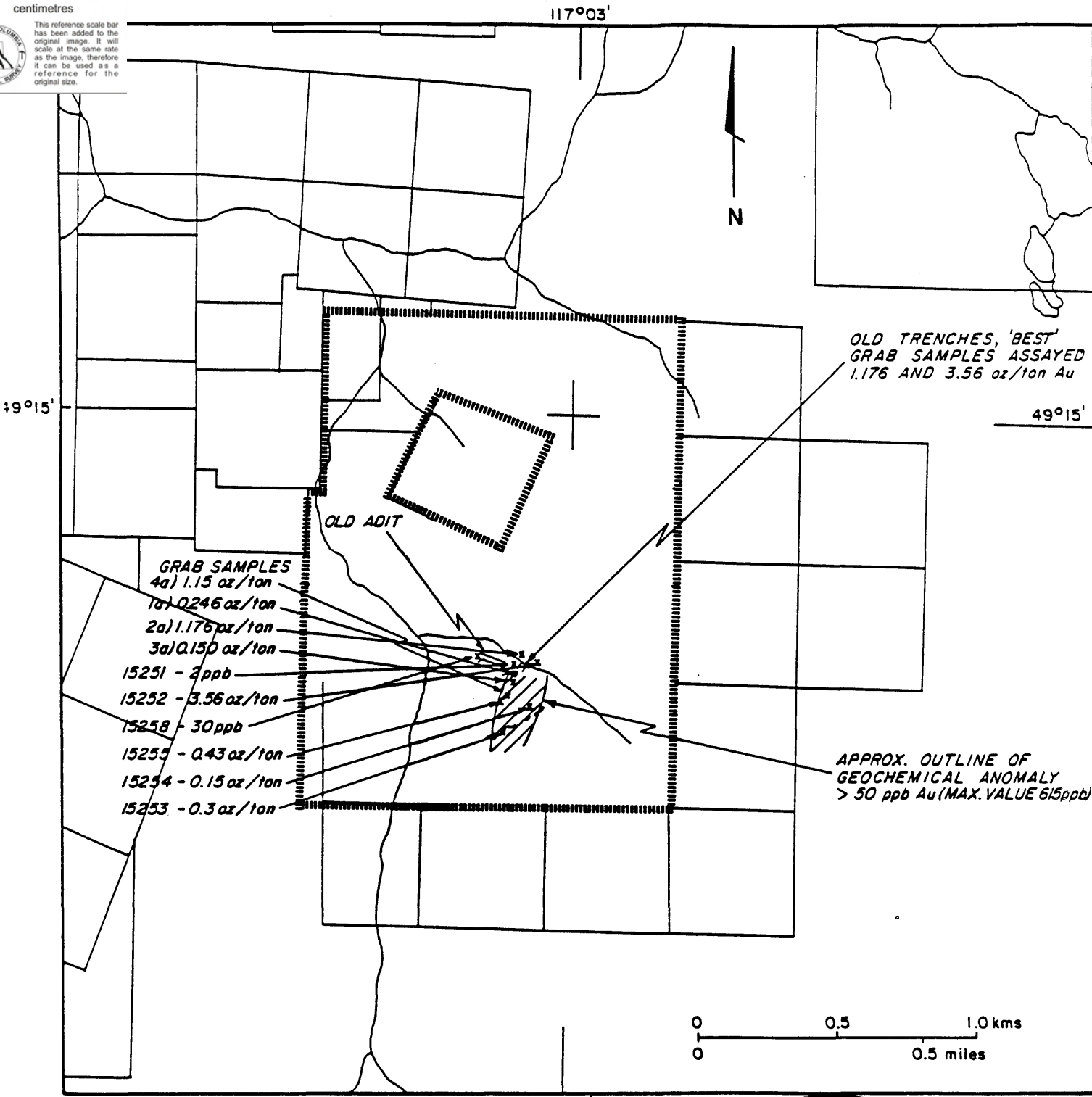
Results from prospecting outside the Main Grid area were discouraging, although numerous sulphide occurrences were found.

#### Adit Area

Previous grab samples collected from the creek bed and trenches in the vicinity of the adit assayed up to 3.56 oz/ton and 1.176 oz/ton Au. A grab sample of skarn float in the creek above the adit assayed 0.246 oz/ton and 0.53 oz/ton Au (Netolitzky, 1987). Results in this area from sampling in 1987 are shown on Figures 3 and 4. High gold values came from southeast trending quartz vein shears exposed in the creek bed and from a northeast quartz vein shear in a trench above the creek. This trench was inadvertently filled during drilling in the winter of 1988.



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



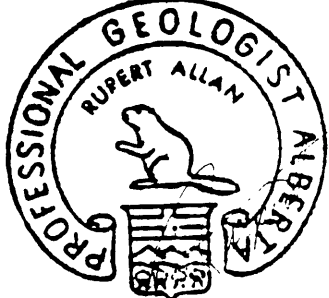
July 6, 1987. R.K. Netolitzky

117°03'

**GRAB SAMPLES**

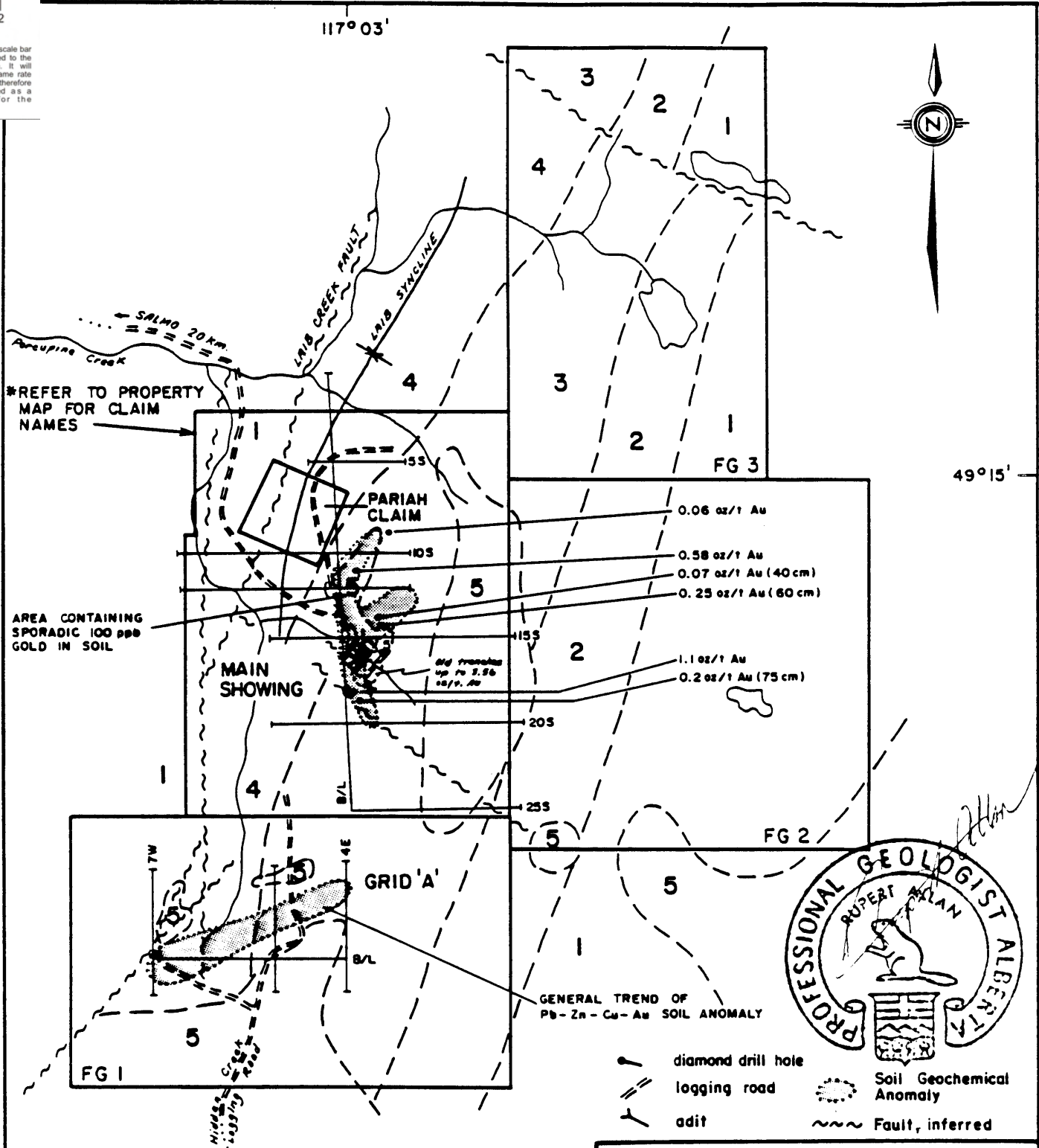
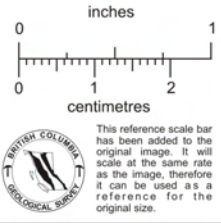
SAMPLES 1a - 4a W. Nesbitt; July 1986  
 SAMPLES 15251 - 15258 R.K. Netolitzky; Oct. 1986

Assays in oz/ton Au



LOCATION OF MAIN SHOWING

FIGURE 31



Cretaceous	5	NELSON PLUTON: granodiorite
Mid-Cambrian	4	NELWAY FM: limestone, argillite
	3	LAIB FM: phyllite, dolomitic limestone, skarn
Lower Cambrian	2	RENO FM: argillite, argillaceous quartzite, micaceous schist
	1	QUARTZITE RANGE FM: quartzite, schist

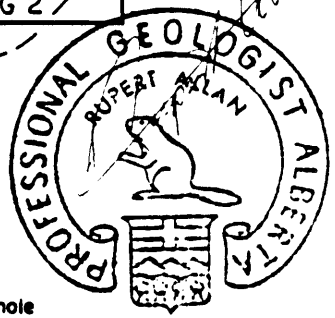
**NORTHWIND VENTURES LTD.**

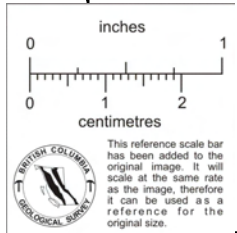
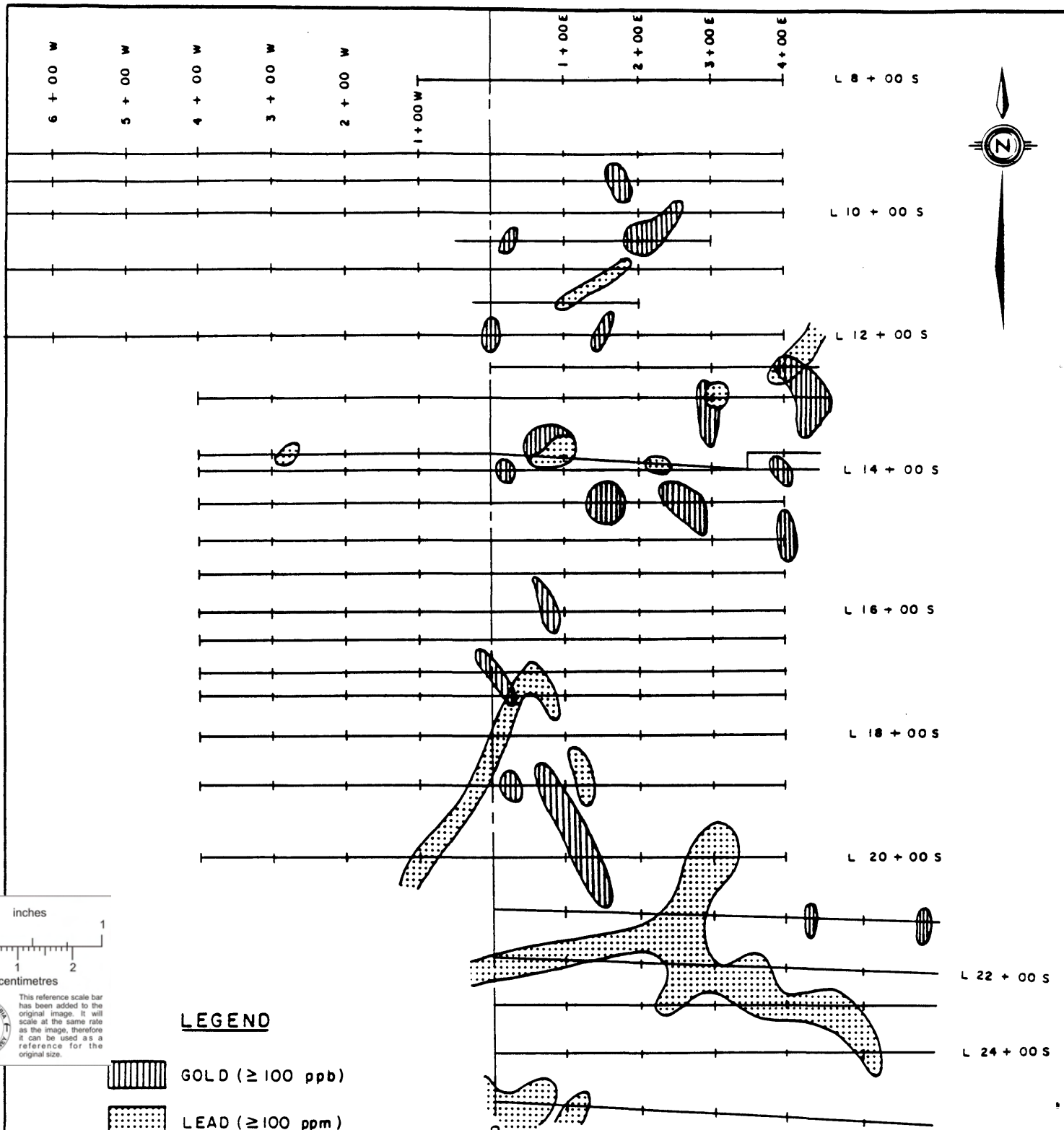
SHAWN PROPERTY

**GEOLOGICAL COMPILATION**

DATE	MAY 1989	NTS 82 F/3, 82 F/6
PROJECT	BC-87-7	MAPPED/ DRAWN BY G.I. HALL
SCALE	1" = 1/2 mi. <span style="float: right;">0 <span style="margin-left: 100px;">1/2</span> <span style="margin-left: 100px;">1 mi.</span></span>	

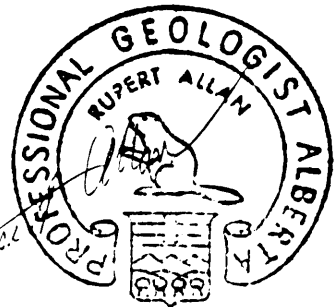
**TAIGA CONSULTANTS LTD.**    **FIG. 4**





**LEGEND**

- GOLD (≥ 100 ppb)
- LEAD (≥ 100 ppm)



Refer to Fig. 4 for Grid Location

<b>NORTHWIND VENTURES LTD.</b>	
SHAWN PROPERTY-NELSON MINING DIVISION	
<b>SOIL GEOCHEMICAL COMPILATION MAP</b>	
DATE NOVEMBER, 1989	NTS 82 F/3,6
PROJECT BC - 87 - 7	MAPPED/ DRAWN BY T.B. /M.A.P.
SCALE 1:7,500	
TAIGA CONSULTANTS LTD.	FIG. 5



DIAMOND DRILL CORE EXAMINATION

The 1987 drilling encountered numerous, widely spaced (e.g., commonly 5 m apart), narrow silicified shears or fractures and quartz veins with silicified and pyritic halos. The following is a brief summary of the assays in excess of 400 ppb Au:

	<u>Core Length</u>	<u>ppb Au</u>
DDH 87-1	no significant intersections	
DDH 87-2	0.4 m	8030
	1.0 m	428
	0.8 m	5740
	0.2 m	12400
	1.0 m	484
	1.0 m	458
	1.0 m	2040
	3.0 m	426
	1.0 m	576
DDH 87-3	2.0 m	2580
	3.6 m	12489
	0.6 m	976
	1.0 m	7260
	1.0 m	12000
	0.2 m	6440
	1.0 m	404
	1.0 m	968
DDH 87-4	0.2 m	4800
	0.4 m	1360
	0.8 m	2020
	1.0 m	4360
	1.2 m	1168
	0.6 m	694
	0.9 m	12800
	1.0 m	34000
DDH 87-5	1.0 m	7040

There is insufficient data to correlate veins or silicified zones between drill holes. All of the above-reported intersections are *core length* and are possibly at a highly oblique angle to the drill holes. A re-examination of the 1987 core indicates the following:

DDH 87-1: A 2 m lamprophyre dyke was encountered 44 m from the collar. The hole was drilled down-dip in the Reeves Member limestone.

DDH 87-2: A 0.4 m quartz vein at 17.0 m (0.23 oz/ton Au) contains blebs of chalcopyrite, pyrrhotite, pyrite, and galena. Moderate gold values (150-1000 ppb) are scattered within the granodiorite and at silicified quartzite/granodiorite contacts. A 0.2 m quartz vein at 39.8 m (0.36 oz/ton Au) contains minor pyrite, chalcopyrite, and galena.

DDH 87-3: Interval 18.0-22.0 m (averaged 3086 ppb, with a 0.2 m sub-interval of 0.86 oz/ton Au) contains numerous quartz veins from 0.5 to 2.0 cm. These veins are rimmed with pyrite and contain minor chalcopyrite. Higher gold values correspond to greater pyrite content. Gold values to 7260 ppb occur with galena adjacent to a lamprophyre dyke at 39.0 m. The entire hole was collared in granodiorite and encountered intense silicification at the bottom of the hole.

DDH 87-4: The hole was collared in granodiorite and encountered a number of silicified shear zones from 67.8 m to the end of the hole (113.5 m). Small sericitic shears were observed cutting off earlier quartz veins in the interval from 37.0 m to 54.0 m. The best intersection (99.0-100.0 m, 0.99 oz/ton Au) is associated with parallel fractures containing 5% pyrite, chlorite, and argillic alteration. This sample should be re-analyzed.

DDH 87-5: The interval between 68.0 m and 69.0 m (0.21 oz/ton gold) occurs in siliceous, very fine-grained granodiorite containing pyrrhotite and chalcopyrite along fractures, some of which are parallel to the core. Better gold values are associated with thin quartz veins and/or veinlets adjacent to skarn or lamprophyre dykes.

### CONCLUSIONS AND RECOMMENDATIONS

Four of the five holes drilled to date on the Shawn property contain highly anomalous intersections of gold mineralization. The style of mineralization exhibits a number of similarities to deposits in the nearby Sheep Creek Gold Camp, the most notable being the northeast strike of the auriferous quartz ( $\pm$  carbonate) veins or silicified zones.

The major point of difference between the two camps is where the strongest gold mineralization occurs. At Sheep Creek, the highest Au concentrations are found within quartz veins in 350 to 500 m thick zones within quartzites of the Quartzite Range and Reno Formations with the base well above an irregular intrusive body(s) (Mathews, 1953). In contrast, the best mineralization found to date on the Shawn Property has been in quartz veins at the intrusive contact with the overlying and adjacent metasediments of the Reno and Laib Formations or within the intrusive body itself. It may well be that the mineralizing fluids for both camps were subject to the same pressure/volume/temperature/distance controls as they emanated from different deep-seated intrusions or that they represent different pulses from a common intrusion.

Soil geochemical sampling has extended gold-in-soil anomalies to the south and east. Mapping has placed an emphasis on northeast trending structures. A re-evaluation of previous work suggests a northwest trending fault south of the adit. An examination of diamond drill core revealed fracture systems, sulphides, and alteration that were not previously logged or sampled. A weak stockwork development may exist, but its preferred orientation has not yet been ascertained. The intersection of the northwest fault with the northeast preferred structures may result in an enhanced stockwork development.

Based on this evaluation, further exploration of the Shawn Property is warranted. A two-phase program is recommended as set out below.

Phase IV

1. Back-hoe trenching is recommended across projections of known northeast trending auriferous veins and gold-in-soil anomalies in overburden-covered areas south of the adit in the vicinity of the northwest fault. This would also involve road construction in preparation for drilling. Back-hoe road construction is the favoured method in this area.
2. Very detailed re-logging and limited re-sampling of previous diamond drill core.
3. Follow-up of 1988 soil geochemical anomalies (particularly Au and Pb) on both the grid extension and Grid 'A'.
4. Grid construction between the northeast corner of Grid 'A' and BL+25S followed by soil geochemical sampling and VLF-EM/magnetometer surveying of the new grid.

Pending a detailed review of the results from the above work, diamond drilling is proposed. A significant proportion of this work would be directed at exploring the Main Showing area at depth. A Phase IV budget of \$180,000 (detailed overpage) is herein proposed.

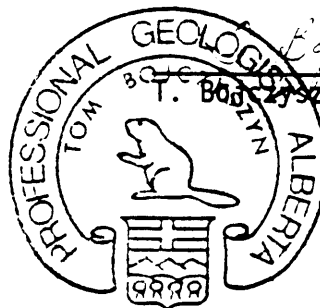
PROPOSED EXPLORATION BUDGET - PHASE IVBack-Hoe Trenching, Follow-Up, Core Logging

Pre-Field Preparation			1,750
Mobilization/Demobilization			
Travel expenses and accommodation		750 *	
Trucking back-hoe to/from property		<u>2,000 *</u>	2,750
Personnel			
Project Supervisor	2 days @ \$450/day	900	
Project Geologist	13 days @ \$350/day	4,550	
Catskinner/Back-hoe Operator	13 days @ \$275/day	3,575	
Labourer/Sampler	13 days @ \$190/day	<u>2,470</u>	11,495
Support Costs			
Back-hoe rental	100 hours @ \$95/hour	9,500 *	
Camp/prospecting equipment rental and food	35 man days @ \$50/day	1,750	
4x4 truck rental	13 days @ \$90/day	1,170	
VLF-EM unit rental	5 days @ \$18/day	90	
Magnetometer w/ base station	5 days @ \$50/day	250	
Rock saw rental (blades extra)	5 days @ \$20/day	160	
Chainsaw rental	10 days @ \$ 7/day	70	
FM radio-telephone rental	10 days @ \$10/day	100	
Freight, expediting, long-distance telephone		400	
Disposable supplies and fuel		<u>990</u>	14,480
Geochemical Analyses (Au/Ag/Pb/Zn)			
Soil samples	200 @ \$12/each	2,400 *	
Rock samples	100 @ \$14/each	<u>1,400 *</u>	3,800
Post-Field (data compilation, final report, drilling recommendations):			
Project Geologist	8 days @ \$350/day	2,800	
Drafting	30 hours @ \$25/hour	750	
Reproductions, photocopying, supplies, secretarial services		<u>250</u>	3,800
* Handling Charges on third-party expenditures 12% of estimated \$16,050			<u>1,925</u>
	Follow-Up Program		<u>\$ 40,000</u>

Diamond Drilling Program

Diamond Drilling			
Mob & demob (drill crew and equipment)		8,000 +	
Diamond drilling BQ core	800 m @ \$85/m	68,000 +	
Drill supplies, moves, water lines		<u>5,000 +</u>	81,000

Personnel			
Project Supervisor	4 days @ \$450/day	1,800	
Project Geologist	15 days @ \$350/day	5,250	
Catskiner/Back-hoe operator	15 days @ \$275/day	4,125	
Labourer/Sampler	15 days @ \$190/day	<u>2,850</u>	14,025
Support Costs			
Trucking 'cat' to/from property		2,000 *	
Cat rental (drill pads, road construction, drill moves)	175 hours @ \$95/hour	16,625 +	
Room & board (including drill crew)	105 man days @ \$55/day	5,775	
4x4 truck rental	15 days @ \$90/day	1,350	
FM radio-telephone rental and calls		450	
Microscope, core splitter, chainsaw, generator, fluorescent lamp, etc.		450	
Freight charges for samples		400 *	
Disposable supplies		1,745	
Fuel		<u>3,000</u> *	31,795
Assays (Au/Ag/Pb/Zn)			
core and trench samples	300 @ \$14/each	<u>4,200</u> *	4,200
Post-Field (data compilation, final report)			
Project Geologist	9 days @ \$350/day	3,150	
Drafting	50 hours @ \$25/hour	1,250	
Reproductions, photocopying		450 *	
Supplies, secretarial services		<u>900</u>	5,750
* Handling Charge on third-party expenditures			
	12% of estimated \$10,050	300	
+ Handling Charge on sub-contractor's costs			
	3% of estimated \$97,625	<u>2,930</u>	<u>3,230</u>
Diamond Drilling Program			<u>\$140,000</u>
GRAND TOTAL - PHASE IV			<u>\$180,000</u>



*Boguszyn*  
T. Boguszyn, B.Sc., P.Geol.

CERTIFICATE


I, Tom Bojczyszyn, of 8906 - 34th Avenue N.W. in the City of Calgary in the Province of Alberta, do hereby certify that:

1. I am a Consulting Geologist with the firm of Taiga Consultants Ltd. with offices at Suite 400, 534 - 17th Avenue S.W., Calgary, Alberta.
2. I am a graduate of University of Alberta, B.Sc. Geology (1976), and I have practised my profession continuously since graduation.
3. I am a member in good standing of the Association of Professional Engineers, Geologists and Geophysicists of Alberta.
4. I am the author of the report entitled "Geological Evaluation of the Shawn Property, Nelson Mining Division, British Columbia", dated December 14, 1988 and revised October 12, 1989. I personally supervised the work program described herein.
5. I do not own or expect to receive any interest (direct, indirect, or contingent) in the property described herein nor in the securities of either **GOLDEN EXODUS VENTURES LTD.** or **NORTHWIND VENTURES LTD.** in respect of services rendered in the preparation of this report.

DATED at Calgary, Alberta, this 12th day of October, A.D. 1989.

Respectfully submitted,

*Tom Bojczyszyn*  
 T. Bojczyszyn, B.Sc. P. Geol.



<b>PERMIT TO PRACTICE TAIGA CONSULTANTS LTD.</b>	
Signature	<i>Tom Bojczyszyn</i>
Date	<i>Oct 7 1989</i>
<b>PERMIT NUMBER: P 2399</b>	
The Association of Professional Engineers, Geologists and Geophysicists of Alberta	

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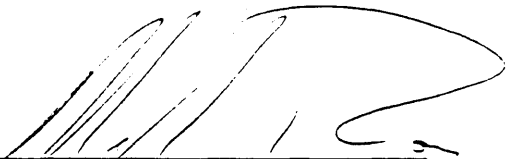
**CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

DATED: November 10, 1989


**ISSUER**

  
\_\_\_\_\_  
GERALD N. ROSS, President, Chief Executive  
Officer and Promoter

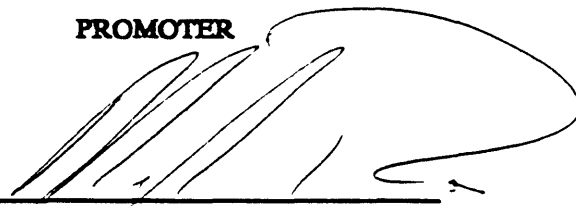
  
\_\_\_\_\_  
HUGH G. ROSS, Secretary/Treasurer, Chief  
Financial Officer and Promoter

**ON BEHALF OF THE BOARD OF DIRECTORS**

  
\_\_\_\_\_  
CHRISTOPHER GRAF, Director

  
\_\_\_\_\_  
BRUCE A. MacDONALD, Director

**PROMOTER**

  
\_\_\_\_\_  
HUGH G. ROSS, Promoter


CERTIFICATE OF THE AGENTS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

DATED: November 10, 1989

**PACIFIC INTERNATIONAL SECURITIES INC.**

Per:

  
\_\_\_\_\_  
MAX MEIER

**GEORGIA PACIFIC SECURITIES CORPORATION**

Per:

  
\_\_\_\_\_  
K.C. KAM

  
\_\_\_\_\_  
R. BRIAN ASHTON

**BRINK HUDSON & LEFEVER LTD.**

Per:

  
\_\_\_\_\_  
BRIAN GRAVES

  
\_\_\_\_\_  
DOUG MACDONALD